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VOLUME I

MAN *in Society*

AMERICAN BOOK COMPANY

New York

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Sweedlun and Others: Man in Society, Vol. 1
Made in the United States of America E.P. 2

To the Instructor

The two volumes of *Man in Society* are an outgrowth of more than a decade of experience in developing an integrated social science course at Kansas State College. From the preparation of the first "syllabus" on "Man and the Social World" in 1944 to the typescript for the present publication, there have been nine revisions. The rigorous test of experience inspired those who were working in the course to revise and reorganize material extensively. At first, efforts were directed toward arranging assignments based upon available textbooks and reference material. It came to be realized, however, that no combination of textbooks blended the social sciences into an integrated study to serve the purposes of the course. This situation led to less reliance on published textbook material and more reliance on material written by some members of the staff.

By 1949, it seemed appropriate that the materials which had been developed for the course should be put into textbook form. The authors were convinced that the process of combining the various customary social science disciplines into one self-consistent course—though not then achieved—could, by continued effort, be carried out. Since then, revision has continued by way of deleting material, adding material, reorganizing subject matter, and writing to achieve clarity and simplicity of expression as experience in the classroom dictated. In this process, no one of the social sciences was excluded or included merely to give particular emphasis to a unified social science discipline. Rather, the major effort has been to interweave data from each of the social sciences as needed in the presentation of any topic.

To achieve a satisfactory synthesis in this area is a most difficult task, as the experience of the authors has led them to realize. They do not claim to have discovered a perfect solution to the problem. But the approach herein used is one which has proved meaningful

to students. The student is given the opportunity to understand and appreciate the significant social forces that bear upon him, forces that are not isolated one from another but which have a collective impact upon him at any given time. When a student comes to this realization, he can view with increased understanding the many causes of social phenomena, the important principles of social relationships, and the interrelationship of social problems and tensions. He is then better able to discriminate regarding alternative social values and to make an intelligent judgment for himself. A more detailed explanation of this approach is presented in Chapter I of Volume I.

In presenting the material to the students, the authors have found it more effective to present background material in conjunction with each topic. Originally, Volume I was composed chiefly of background material. When the student came to topics in Volume II, however, he often had forgotten the background material or failed to correlate it with the subject being considered. Introducing a section with background material or weaving such material into the presentation of the topic has resulted in more satisfactory learning and understanding.

Frequently, semantics presents difficulties. This problem has been met (mostly from student suggestions) by including chapter glossaries of terms defined as applying to the chapter. In this way, those engaged in reading and discussing the material are given common meanings of the terms as they are used.

In the long process which has found fruition in these volumes, obligations too numerous to list completely have been incurred. Staff members have rendered a devoted service that is reflected in each chapter. Their criticisms and suggestions have come from actual teaching experience with the material, and this text in its present form could not have been written without their help.

The authors owe a considerable debt of gratitude to their thousands of students, many of whom have taken the course with apparent pleasure and profit. They have offered their suggestions and criticisms—sometimes unintentionally and certainly more than they have realized—so as to make the material reflect their needs for understanding the modern, complex society of which they are members.

Certain persons among many helpful friends and colleagues deserve special thanks for their encouragement and help. Professors Edgar S. Bagley and James O. Bray of the Department of Economics

and Sociology at Kansas State College, Professor Jack C. Kier of the Department of Business Administration, and Professor Earl E. Edgar, head of the Department of General Studies, have read parts of the manuscript and have offered valuable suggestions as to exclusion, inclusion, and rearrangement of material. Former President Milton S. Eisenhower helped to conceive the general education program at Kansas State College and was a staunch supporter of it. The support given by President James A. McCain, A. L. Pugsley, Dean of Academic Administration, R. W. Babcock, former Dean of the School of Arts and Sciences, and the Board of Regents of the State of Kansas has been extremely beneficial to our phase of the general education program; without their support our work would have been impossible. We are also appreciative of the co-operation given by members of the social science departments, particularly the chairmen.

In acknowledging the indebtedness to all without whose aid the work could not have been published, the authors rightfully assume responsibility for any errors of fact or of emphasis.

To the Student

This book deals with man in his social environment. It is concerned with how people interact, with the basic institutions man has set up to maintain and foster those ideas he has learned to value, and with how he controls the activities of the individual for the good of the many. It traces man's search for a world organization that will permit the diverse national and regional institutions and controls to flourish in peace and security.

The events of the past two decades, especially, have forced upon us the compelling necessity of becoming as intelligent and informed in our citizenship as it is possible for us to be. Even allowing for the exaggeration which normally characterizes interpretations of contemporary events, there can be little doubt that the development of nuclear energy leaves the people of the world with the alternatives of learning to live together in peace or destroying civilization as we know it.

In his day-to-day living, man does not compartmentalize; that is, he does not act as an economic being one day, a political being the next, a religious being the next, and so on. Rather, he acts as an economic-political-religious-social being all at the same time, and, though in any activity one or another of these "sides" of his being may predominate, it is not fully understandable without reference to the other elements in his make-up. We have tried to keep this realism, remembering in all discussions of specific sides of man's activity that he always acts as a *whole* being.

The chapters of the book are intended to be informative, of course, but we hope they will also lead to further reading and to discussion both in and outside the classroom. The suggested readings at the ends of chapters are intended to give practical material for further thinking and discussion, and we hope that the definitions of

terms will help keep the discussions on a common, agreed ground.

The study of man in his social relationships is a difficult one, but we hope that before the end of the course you will agree that it can be both interesting and exciting.

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Man in Society

VOLUME I

PART I *Man in Society*

Part I of this book is an introduction to the study of man-in-society. First, we consider the meaning of social science as an area of knowledge and present the concept of integration of the social sciences. Second, to aid in an understanding of group relationships, we consider some of the characteristics of *man as an individual*. Third, because man is a social being, we examine culture and cultural change in order to have a better comprehension of man's behavior in society. Finally, we consider one general characteristic of man as an individual and as a member of society: his value-forming habit—that is, his tendency to have opinions about what he knows or experiences.



THE SOCIAL SCIENCES

Classification of Science

The scientific efforts and works of man may be classified in three broad categories—physical science, biological science, and social science. Physical science deals with nonliving things and forces and includes such studies as chemistry, physics, and geology. Biological science examines the life processes of plants and animals, including man. The separate disciplines¹ of biological science include botany, zoology, and physiology. Social science deals with the human group and its associations—the organizations and organized activities which constitute group life. It is about these human associations, or social relations, that this textbook is written. Political science, economics, history, sociology, cultural anthropology, and social psychology are basic disciplines generally included in social science.

The Social Sciences

Political science is the study of the political organizations and activities of people, the framework and functions of governments, and the foundations and processes of formal law. Political science overlaps the other social sciences to a large degree. This overlapping is particularly significant today because of the importance of government in modern society.

Economics deals with the institutions and processes through which and by which man obtains and uses things to satisfy his wants. It, too, overlaps other of the social sciences, particularly history, political science, sociology, and social psychology.

History is the study and interpretation of man's past experiences.

¹ The word *disciplines* as related to educational programs refers to the separate subjects or branches within an area of knowledge.

It provides much of the raw material for the other social sciences and, therefore, overlaps them all.

Cultural anthropology is a phase of anthropology that has developed in relatively recent times. In the past, anthropology—which has often been called “the science of man”—was confined to the study of primitive (early ages of man) peoples. In recent years, however, the tendency has been for anthropologists to become interested in the culture patterns of all peoples, advanced as well as primitive. The study of anthropology is divided into several sub-fields, some of which are archaeology, social anthropology, and physical anthropology. Naturally, anthropology overlaps some other sciences, such as biology, sociology, history, and social psychology.

Sociology concerns itself chiefly with the behavior of people in groups. Because it deals with all forms of human relations, it is broad in its scope. Some of the other social sciences, such as political science, economics, and history, rely mostly on documentary records of various kinds in the study of human relations. Sociology, on the other hand, tends to examine principally the phases of human group association that are not recorded as history; it relies heavily, however, on simple statistics.

Whereas sociology studies the behavior of human groups, *social psychology* focuses attention on the individual in his group relations. It deals with personality and motivation as products of association among groups and individuals. Social psychology is often almost indistinguishable from basic psychology and has much in common with anthropology and sociology.

As stated above, the social sciences deal with human society, or, in other words, with the relationships of persons as members of a group or groups. Individuals form groups to obtain common goals—in education, religion, recreation, and so on. Since the common wants of mankind are many and varied, the group activities needed to satisfy those wants are correspondingly numerous. As these group activities have come under study, the social sciences have multiplied from a few recognized general studies to many specialized ones, each with numerous subdivisions.

SOCIAL SCIENCE—A SCIENCE

'Man-in-Society' Concept

It has been a common practice to study each of the social sciences—for example, economics—quite apart from the others. Man, how-

ever, is more complex than his mere economic or political aspects. Values or goals are gained and discarded according to the *total* interests of man, not according to only one or two of his interests. Man does not live in the economic realm *today*, the political realm tomorrow, and so forth. Social forces of various kinds are exerting their impact upon him at any given time. Therefore, to make social science realistic and practical, man-in-society may well be studied from an integrated point of view. This book takes the position that the various social sciences may be combined in such a manner that they may be considered to be a unit, and that the examination of all the social forces bearing upon *man-in-society* may itself be considered as a social science.'

The concept of man-in-society as an approach to the study of social science is illustrated in the following diagram. Figure A represents society in its different aspects. In a well-balanced society, no one of the aspects will be emphasized to the exclusion of the others. Such a society will recognize the importance of a complete development of its various aspects and will tend to provide an integrated unity. In Figure A, the arrowed circles indicate such unity, as well as the overlapping and integration of the various aspects. Under such circumstances, no clear-cut line of demarcation exists between the segments; all are tied together to make a whole. In any society, however, one aspect may be emphasized over and above the others. Such a stress is represented by the heavier lines of the "Market" segment in Figure A. In such a society, stress is placed upon material development, such as utilization of natural resources, industrial growth, and increase of national income. At the same time, governmental services, social welfare, development of the fine arts, and like endeavors may be neglected. Thus balanced development may not take place, and the society may be said to lack integration and fusion. The individuals in such a society are deprived of opportunities for developing all their interests fully, and the values that are drawn from such society will not be as comprehensive and numerous as would be possible if the society were well-rounded and integrated.

Figure B, labeled "Subject Matter," shows the six social sciences which have been mentioned in this chapter. As previously stated, the social sciences tend to overlap, and each has drawn upon the others for information, thereby strengthening itself in the scientific study of society. That is, as the study of society, or group association, has developed, each of the social sciences has tended to draw more and more upon observations of and data from all aspects of society.

A MULTIPHASE VIEW OF THE STUDY OF MAN-IN-SOCIETY

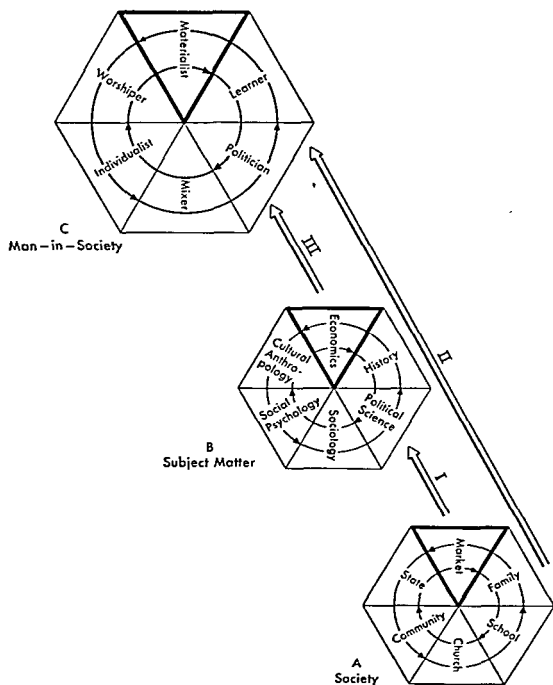


Figure 1

Line I, which connects Figure A, representing "Society," with Figure B, which represents "Subject Matter," indicates this process. The circles within Figure B represent the blending and overlapping of the various social sciences, thereby conforming to Figure A when a society as a whole is being observed and scientifically studied.

Not all those who are professionally connected with the social sciences recognize this overlapping or blending, so that the specialists in each social science often tend to overemphasize the importance of their own disciplines. This situation is illustrated by the emphasis which some social scientists place upon the economic man. Others see only the political man; still others, the prestige-seeking man; and so on. The heavily outlined "Economics" segment of Figure B illustrates this result of specialization in but one of the social sciences. As intensified specialization in any social science occurs, an increasingly unrealistic understanding of society results. This restriction then divorces the particular social science from the others and from the realities of society. When society is observed and studied from a segmented point of view, the student is less likely to understand the many causes of social phenomena, to weigh alternative values, and to reach sound judgments or conclusions.

Figure C, at the top of the page, represents the man-in-society concept of social science. Line II, with arrows pointing from Figure A to Figure C, indicates that by an examination of conditions in society man's group relationships can be studied. Line III, with arrows pointing from Figure B to Figure C, demonstrates that data must be obtained from the several social sciences for anything like a complete study of man-in-society.

Man-in-society is affected by all phases of society and, in his daily living, does not consciously differentiate among the economic, the political, the social, and so forth. Integration in society occurs through the individual. Naturally, in his use of social institutions and social processes, man may place certain values above others. For example, he may stress economic values and place less importance on other values. Because of such observations of man-in-society, the economist may build up a theoretical "economic man." But man-in-society is also observed to value other things, such as knowledge, respect, goodness, leisure, friendship, health, and power, along with wealth.

The lines of the circles in Figure C of the diagram are heavily shaded to represent the integration and totality of the goals of man-in-society. In using this approach in the study of man's group relation-

ships, observations are made about man and the varied institutions that are designed to help him attain his many goals. In proportion as the wholeness of man and all his social motivations and their reflections are thought worthy of consideration, the chances for a truly democratic society are increased.

Group Integration

¹ Society is made up of groups and institutions that exist to help man fulfill a variety of needs and goals. It is unusual for a person to single out only one goal or need in life. Most people try to attain a number of goals at the same time and in some order of importance to them. Wealth, power, learning, affection, goodness, and all other goals are unified in the individual and support one another. The individual, therefore, represents a blending of a variety of goals. This blending of goals both produces social institutions and is influenced by institutions. These institutions serve the individual, and the individual serves them in order to fulfill his goals in life. Therefore, the institutions in society are expressions of a wide range of social goals and become both means and ends for man-in-society. He views the school, the state, the church, the family, and the corporation together in an interrelationship that helps him better understand the society in which he lives.¹

If individuals act in their social relationships to increase to the greatest possible extent the goals they desire, their group organizations then tend to move in a like direction. To discover whether this condition exists, examining the outward characteristics of group organization is easier than trying to understand the individual's goals. The human personality cannot be reconstructed at will, because it cannot be brought into the laboratory and subjected to the controls that the physical scientist can use to perform his experiments. Societies, too, are historically conditioned and determined; but they are, after all, man-made and are subject to human will and decision. Therefore, within the broad limits set by history, the nature of basic institutions, such as the state, the school, the church, the city, and the business organization, can be studied.

Suppose a community is being denied goals it wants because of persistent drought and the accompanying characteristics of economic hardship. At the same time, the techniques of successful irrigation from a river by means of a great dam are known and feasible. But knowledge of technique is not enough. The group must choose among alternative kinds of procedures, each of which will have an

effect on goals other than those directly involved. That is, alternative procedures will variously affect such aspects of life as democratic control, local self-government, irrigation and power by privately owned systems, and recreational programs, as well as the conservation of soil and water, which may be assumed to be the primary goal. Assuming that the most efficient way to carry out the project is by establishing a river valley authority, the "cost" must be counted by inquiring what other goals would be sacrificed. An analysis might reveal that a river valley authority would provide a new unity within which many community goals would be promoted. Or it might reveal just the opposite. In a democratic society, any decision must be made not in the light of social goals alone, or economic or political goals alone, but in the light of all goals of the group.

General agreement may exist in favor of the river valley development, but at the same time there may be differences of opinion about the means for accomplishing it. These differences indicate the wide variety in goals held by different people in society. The goal expresses a unity of purpose. The danger is that the differences may overcome this unity and the goal be lost. Seldom can only one goal be used as a test of the means of obtaining a result. Shall authority be centralized in an individual to obtain "efficiency," or shall it be divided among local committees to maintain "democracy"? Shall the government generate and distribute electric power for the "general welfare," or shall the system of private ownership of power companies be maintained? Should water be controlled to prevent floods, to irrigate land, to generate power, to provide navigation—or all of these in a "reasonable" proportion? These questions can be answered only by weighing the goals which stem from individuals. In a changing society, this weighing of goals needs to be carried on constantly and intelligently.

METHODOLOGY

Methodology and Science

The term *science* is used so frequently in this book that we should arrive early at a clear understanding of the word. Defined broadly, the word *science* denotes any knowledge that is arranged in an orderly manner or is systematized. Thus stamp collections, telephone books, and chemistry could all be classified as science, since each represents an orderly arrangement of knowledge. A narrower and more precise definition of science is deceptively simple: a science

is any area of knowledge to which the scientific method has been successfully applied. Understanding this second definition depends upon knowing something about scientific method.

¹ The scientific method is a way by which the reliability of beliefs may be maximized. When this method is successfully applied to a given area of knowledge, the knowledge becomes systematized, and the relationships of the facts involved are summarized in a universal law or laws. Basically, the scientific method is applied in four major steps. The first of these is the formulation of a working hypothesis. This hypothesis may be merely a guess or a hunch, but in any case it is an explicit statement defining a problem under investigation. Another way of describing an hypothesis is to say that it is a tentative description of a presumed *relationship* between facts. The validity of this relationship then remains to be tested. The statement that "Any object which sinks in water weighs less when submerged than when out of water" was a hypothesis before it was proved definitely by experimental processes. In the area of social science, before considerable investigation, a favorite hypothesis was that "Juvenile delinquents are almost always feeble-minded."

The second step in scientific method is observation within the area marked out in the hypothesis and recording the observations. The observations may be made directly with the human senses or indirectly with various instruments and by means of records, such as microscopes, scales, and school and court records. In either case, the person carrying out this second step must maintain the highest accuracy and must not allow any personal preferences to influence either the observations or the recorded data. With the first hypothesis stated above, the second step would involve observing the weight of objects as they were placed in water. A series of such objects could be placed on a scale in a tub of water and a record made of each object tested—weight in water; weight out of water. With the second hypothesis, a large number of children would be selected from those who had a court record and from those who did not. Data would be obtained about each group of juveniles—nationality, family, family income, school achievement, age, the results of intelligence, personality, and aptitude tests, and much other pertinent information.

The classification of recorded data is the third step in the scientific method. Uniformities or sequences among the data are highlighted by an orderly arrangement. Only when such uniformities become understandable within an area of study does the possibility arise

for a "successful" application of the scientific method. In steps one and two, there has been mere observation and accumulation of a large number of facts. These facts are useless as data for demonstrating relationships unless they can be classified according to patterns or uniformities. If the experiments in steps one and two were continued into step three, the classification of the recorded data about material objects and juvenile delinquents and non-delinquents would be a long and tedious process. An orderly arrangement, however, might be made in the experiments in our example dealing with objects according to the shapes of the objects tested, their weights, their volume, their density, and so forth. As more articles of the same volume and density were tested and classified according to volume and density, the results would indicate that the amount of weight lost in water is exactly the same for each article regardless of its shape or weight. Similarly, the classification of recorded data about juvenile delinquency might be made by pairing delinquents and nondelinquents according to the criteria suggested above. The results would indicate that there are no appreciable differences in the mental abilities of juvenile delinquents and non-delinquents.

The final step in the scientific method is the formulation of a statement that will describe the uniformities (unvarying patterns) of step three as a permanent relationship among the facts involved. These statements must fit all identical patterns or uniformities that may be examined under the same conditions set up under steps one, two, and three. In the foregoing examples, the final statements of scientific law might be worded as follows: "Objects of the same density and volume weigh less by exactly the same amount when submerged in water" and "Juvenile delinquents are not inferior in mental ability to juvenile nondelinquents."

Laws such as these are not always overwhelmingly influential in man's activities, but they are reliable planks in the platform of human knowledge. Further knowledge can be built upon such a foundation, for the scientific method permits a degree of accurate predictability that has not been achieved by any other method. Common sense, intuition, and the storehouse of customs do not yield certainty as does the scientific method. Although the scientific method neither finds the final cause for phenomena nor achieves absolute accuracy, it has not been excelled as a means of perfecting and extending knowledge.

Much discussion has centered about the question of whether or

not social science is truly a science. Some persons argue that valid universal principles can never be established for studies of society because social phenomena are unlike the phenomena found in such physical sciences as chemistry or astronomy. Others argue that the two kinds of phenomena show no fundamental differences and that the scientific method can be applied to social behavior with satisfactory results. Attempts have been and are being made to establish ever more general principles in economics, psychology, sociology, and similar fields. Later chapters of this book will show that certain valid principles have been established in the areas of marriage, population, prison paroles, and cultural growth. A beginning has been made, even though future progress is not altogether predictable.

Such discussion becomes academic, however, since the pressure of present world tensions makes it imperative that as much knowledge of social science be brought to mankind as possible, whether the material is merely systematized or is in the form of universal principles. Such relatively incomplete knowledge as is available is presented in this book on the optimistic assumption that a better knowledge of human relationships will result and that such knowledge will lead to better human relationships.

The Historical Method

At the beginning of this chapter, history was described as the recording and interpretation of man's past experiences. Of the methods that have been utilized in recording historical data, no special one has been constantly retained by historians as *the* historical method. Before the nineteenth century, the method of the historian was to collect and record haphazardly any legends, travelers' news, or authentic facts and to arrange them according to the tastes of the collector. Later, historians began to separate fact from fiction by a critical examination and evaluation of sources, and those sources used were revealed to the reader.

The attempt to include the scientific method as a technique for history leads to certain difficulties. The examples of applied scientific method given in the preceding section may be recorded and thus may be regarded as history, since any event which has been succeeded by even a moment of time might be considered as a "past event." When the historian, however, concerns himself with events that are beyond the possibility of direct observation and recording, the impossibility of meeting requirements of the second step in the

scientific method becomes evident. The observers and recorders of the French Revolution cannot be checked for their accuracy by present-day historians, because the events of the French Revolution cannot be re-enacted; but the accuracy of anyone who experiments with a comparison of the weight of objects in and out of water, once his experiment has been recorded, can be checked.

This failure does not mean that other methods of historians are not valuable to all sciences. The historian is a major figure in presenting data regarding the continuity and accumulation of culture. The hypothesis of the scientist is derived from his knowledge of past culture, and thus the more accurately that culture is recorded, the greater the possibility is of success in other fields of human endeavor.

The Statistical Method

As an area of knowledge, statistics has no value in and of itself, for it is merely a tool used by other areas of knowledge to achieve more reliable results. The statistical techniques of sampling, averaging, and correlation have produced many important results. For example, the quantity of soil-moisture on Kansas farms in the fall can be used as one basis for predicting the wheat-crop yield the next summer, because statistics have demonstrated that a significant correlation exists between the two. Economics, social psychology, anthropology, and other social sciences are using statistical methods with increasing success. Many factories use the statistical method of sampling to check the quality of products on the assembly line. Averages are used as important bases for defining the degree of success in education. In step three of the scientific method, statistical techniques play an important role. The classification and organization of observed facts under the various arrangements suggested by statistics have led and promise to lead to the successful formulation of many universal laws.

The Rationalistic Method

In addition to the contributions to social science that are made by the scientific, historical, and statistical methods, considerable reliance is placed on the use of logic and ethics. This technique is described broadly as the rationalistic method. To the extent that this method is successful, it is of particular advantage in a field such as social science, where the aim is to knit together the work of var-

ious specialized disciplines. The rationalistic process, however, is not to be viewed as one entirely separated from the three methods previously described. Part of its function is to consider the conclusions derived from the other methods, or from any other sources, and to relate these to one another and to extend the areas of generalization.

The rationalistic method is also valuable in the consideration of many questions that are not objectively verifiable by scientific procedures. Such questions occur in moral and religious as well as in political, economic, and sociological matters. Frequently questions are raised in social science for which there are no conclusive answers at present. For example, how can a highly industrialized, complex society provide both freedom and economic security for its members? To suggest that questions for which science has no verifiable answer ought not be asked is of little help. For one thing, human beings insist upon asking them and also on being at least partially or tentatively satisfied by speculative or plausible answers that the rationalistic method may provide. Also, the discussion and logical analysis of a problem may open up avenues by which objective verification may later be made.

The various aspects of the rationalistic method are not of immediate concern to the organization and advancement of social science. But two things are of significance. First, the knitting together of the subject matter of the various social science disciplines calls for processes of generalizing in a way that the other methodologies do not provide. Second, the questions that are raised in the area of social science and that cannot be verified by use of the other methodologies are worthy of discussion and tentative explanation.

Methodology and Organization

The question may be raised as to why methodology is of any concern to the student, since he is not expected to use research procedures in connection with learning the subject matter of this book. While this is true, it is well for the student to have an understanding of the nature of the various ways by which findings in social science have been and may be made, because a textbook reflects the sources of its materials. The problem of methodology with which a textbook writer is chiefly concerned is that of carefully examining and correlating the studies made by those persons who have done research in social science. In some instances, the textbook material reflects the methods of research which have been used to arrive at

the stated conclusions. In general, however, the methodology of textbook construction is that of selection of materials, utilization of principles of organization, and derivation of principles.

Criteria for Selection of Materials

In selecting from the superabundant materials in social science, the present writers have used two criteria. The first admits accounts of those relationships that have recurred throughout human societies with regularity and therefore have given rise to institutional patterns. The family pattern of life, urban-rural patterns and forms, development of status, and the effort to acquire goods are examples of this selection of materials. The second gives attention to areas of social relationships that are under unusual tension, actual or potential, or in which unusual past tensions have shaped society. For example, unemployment, international conflict, technological displacements, and industrial revolutions present "problem areas" worthy of examination. They are "on people's minds," and they represent social movements—that is, forces increasing the tensions in group relations and efforts to release these tensions. Since these are human conflicts, they are subject to a range of human choices and are to a degree controllable.

The two criteria for the selection of such material are not mutually exclusive. In fact, most of the "problem areas"—the areas of strain in human relations—are now appearing in the basic institutions.

Principles of Organization

On the basis of what has been written above, the principles of organization emerge fairly clearly. Having identified the phenomena that are the subject matter of social science, the social scientist then must observe and record these phenomena as accurately as possible. He must strip off those aspects which may fall in other areas, such as the natural sciences or humanities, and investigate the social and group processes and organizations. In these latter, he searches for causes, effects, common patterns, and recurring series of happenings. The textbook writer examines the findings of the investigators and blends them into a form by which the teaching process may be aided.

In this book, no one of the special social sciences is discarded entirely. Certain sections may draw heavily on material from only one of the social sciences; more frequently a section will be made up of materials drawn from several of them. The principal objective is to

describe the many-sided social order within which man lives and acts and to show the actions and processes resulting from the simultaneous existence of many forms of groups. From the description of group processes, some principles or recurring tendencies can be noted.

Data and Principles

The objective of the scientific writer in all fields is to reduce the complex phenomena with which he works to rules, principles, or tendencies. He seeks to find generalizations that bring order to his data. In social science, much may be done by way of examining notions accepted as truth but actually based on unscientific grounds—"common-sense" notions or superstitions. By using the basic methodologies described earlier in this chapter, the valid principles may be separated from the invalid.

In this book, the process will be that of using the interaction between the data and the principle. As data are investigated, certain principles emerge, and the descriptive material that contributes most to the understanding of these principles is used. Thus, some material is discarded because it is repetitive of material already used and adds nothing to the induction of principles, or because it is material which has not yet developed enough for principles to be derived from it. Therefore, the method of treatment in this book is simply that each chapter or section develops a problem area or an institutional area of social science. Concerning the material used, the following question is raised: What principles can be derived from this material? Then these principles, to the extent that they can be determined, are stated and used to develop the particular area under consideration.

SUMMARY

The scientific efforts and works of man may be classified into three broad categories or areas—physical science, biological science, and social science. Each of these areas is divided into several fields or disciplines of study. For example, the social sciences include political science, economics, history, sociology, cultural anthropology, and social psychology.

Social science is a study of human society—that is, it deals with the relationships of persons as members of a group or groups. The traditional method of studying social science has been to consider each of the disciplines separately. This book presents the man-in-

society concept as an integrated method of studying society. Therefore, the social science disciplines are not kept distinct but are synthesized, so that society may be studied as a whole, rather than in its segmented parts.

Several methods may be used in dealing with social science material. Among the most commonly used methods are the scientific method, the historical method, the statistical method, and the rationalistic method. Although a textbook does not ordinarily result from a research project in the customary sense, it is developed by careful examination and correlation of the studies made by others. Therefore, the methodology of a textbook is one that relates to selection of materials, principles of organization, and derivation of principles.

Two criteria for selection of materials have been followed in this text—(1) accounts of those relationships that have recurred throughout human society with regularity and, therefore, have given rise to institutional patterns and (2) emphasis upon those areas of social relationships that are under unusual tensions or in which past tensions have shaped society.

Having selected the phenomena that are the subject matter of social science, the principles of organization involve the accurate recording of those phenomena by searching for causes, effects, common patterns, and recurring series of happenings. The main objective is to blend the social sciences in a form that describes the many-sided social order within which man lives and acts and to show the actions and processes resulting from the simultaneous existence of many kinds of groups.

From the selection, examination, and organization of materials, some principles or recurring tendencies may be drawn out and recorded. As these principles emerge, the descriptive material that contributes most to the understanding of a given principle is used. The principles, to the extent that they can be determined, are stated and used to develop the particular problem or area under consideration.

QUESTIONS

1. Define *social science* and give your reasons for so defining it. List the social sciences as given in this chapter.
2. What are the advantages and disadvantages of merging all of the social sciences into an integrated science of society?
3. Summarize the steps involved in the scientific method. What are

some of the difficulties in applying the scientific method to social science?

4. Explain the dependence of social science in general upon the statistical method.
5. Of what value is the rationalistic method in the study of society?
6. What are the criteria used for the selection of materials in this textbook?
7. What is the relationship between the data used by the social scientist and the derivation of social science principles?

DISCUSSION

1. "Society is made up of groups and institutions that exist to help man fulfill a variety of needs and goals."
 - a. Explain the meaning of this statement by giving several examples.
 - b. What is the place and importance of the individual in a society made up of groups and institutions?
2. Explain the wide range in the popular use of the term *science*. What do you consider to be an adequate definition of *science*?
3. What are some of the chief limitations of the scientific method when it is used in any area of knowledge?
4. Do you believe that social science and natural science are mutually exclusive—that is, that there is little or no relationship between them? Explain your answer.
5. In your judgment, what are the chief differences between social science and the humanities (art, music, literature, philosophy)? Do you consider history a science or an art? Why?

TERMS

Data: Material used for description and conclusions.

Generalization: A general statement based on many particular instances.

Group: Two or more persons aware of a common interest.

Hypothesis: An assumption used to guide investigation of an area of knowledge.

Integration: Bringing together related parts to make a whole.

Institution: An established pattern in society.

Methodology: A system by which procedure is carried out.

Principle: A basic, summary truth derived from many instances or conditions.

Science: An accumulation of classified knowledge verified by scientific method.

Scientific method: Process by which a science is developed, consisting of a working hypothesis, observation and recording of data, classification of data, and the formulation of a scientific law or a generalization.

Social phenomena: Verifiable facts or events in human relationships.

Society: A total pattern of human relationships embracing the institutions to which the individual belongs.

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2 CHARACTERISTICS OF MAN

Before considering human group relationships, with which social science is concerned, it will be advantageous to note some of the characteristics of the individual human organism itself. An understanding of certain basic biological facts about man aids in an understanding of group relationships. For example, if the student believes that making war or hating other races are inherited traits of human behavior, such beliefs must be demonstrated to be false before he can comprehend principles such as those involved in the study of minority groups, the United Nations organization, and so on. Many of today's beliefs, particularly in human relations, are based on prejudices or false assumptions. Presentation of facts will not necessarily eliminate prejudices, but research indicates that it is a vital step in that process.

Many of the biological facts about man were learned through comparative studies with subhuman organisms. It was almost inevitable that such biological data be linked with group behavior patterns of both human and subhuman beings, and that contrasts be made in the field of group behavior, as well as in individual functioning. These contrasts are the reason for the references to subhumans found in this chapter. Out of the mass of data available, certain biological characteristics of man that are important as keys to the understanding and analysis of group behavior are presented in the following paragraphs.

MAN'S ORIGINAL NATURE

The physical components (arms, eyes, blood, and the like) and characteristic functions (breathing, seeing, vocalizing, and so forth) of the human being, before they have been influenced by environmental factors, are termed man's original nature. Original nature,

which is inherited, contains certain elements that are especially important in their influence on the group behavior of men. These elements are possessed only by man, or by man to a far greater degree than by subhumans.

Superior Mental Ability

The size of the brain of a living organism is not by itself alone a reliable indication of mental ability. The elephant, for example, has a larger brain than man, yet the reasoning ability of the elephant is slight. The physical factor that makes man's superior mental ability possible is greater brain size in relation to body weight. In other words, the brain-body ratio is fundamental in mental ability. The average human brain is approximately three times as large as that of the average gorilla. Thus man has the possibility of allotting a greater portion of his brain to the control of each part of his body and has the possibility of more complex control. Further differences which contribute to mental superiority are a larger brain surface, more numerous folds and convolutions on the brain surface, and a decreased area for sense of smell, with an accompanying increase in certain other sense perceptions and muscular functions.

Capacity for Speech

Man's tongue, throat, and diaphragm are so arranged that he can produce a variety of sounds. Unlike sheep or blue jays, which are restricted to single sounds, man's vocalization covers a wide range. Having a physical structure which permits vocalization does not in itself, however, bring about the development of speech or language. Apes and men have almost identical vocal structures, yet no ape has ever "talked." True language, then, is based on more than muscular functioning and special physical equipment. Superior mental ability, a social environment, and other factors are also involved.

Upright Posture and Prehensile Hand

Upright posture and the prehensile hand, two distinctive biological factors, are discussed together because of their close interdependence. The fact that man's body is carried perpendicular to the earth allows him to make quicker and more agile movements than if he were on all fours. This erect position has also been an aid in the development and use of the prehensile, or grasping, hand. The long fingers and opposing thumb of a grasping hand permit varied and skillful use of objects. Among other four-limbed animals similar

organs have only limited special functions. For example, the hoof, paw, and wing have very restricted use. Man's hand can be used in defense, in eating, in construction, and in many other activities. His upright position gives him freedom to develop many uses for his hands.

Slow Maturation

Slow maturation is another physical characteristic of man. Maturation is the process of coming to a full development by physical changes as the individual grows older. The human being cannot walk, talk, or learn until his physical structure has reached a point of development permitting these activities. The human infant is helpless at birth and must mature over a long period before it is able to exist independently. Thus slow maturation has been an important influence on the formation of the family and other groups. The father-mother-child association, established through necessity, has provided opportunities for the development of human relationships.

Possession of "Drives" Rather Than "Instincts"

The terms *motives*, *urges*, *needs*, *appetites*, and *drives* have been used to describe certain inherited but rather blurred behavior patterns common to all men. These inherited behavior patterns have not achieved a complete and final definition in social science. Yet a distinction can be made between the inherited behavior patterns in subhumans and those in man. Among subhumans, the innate tendencies toward certain behavior common to a given species are called *instincts*. The instincts of a given species of subhumans dictate fixed patterns of behavior; they are not blurred; and they do not change. Thus a female rat will go through the motions of nest-making even if the only available movable object is her own tail. The male robin feeds the female and the young, not because he learned to do so, but because he has inherited that fixed pattern of activity. In man, the inherited activities, called *basic drives*, are less clearly defined and have many varying patterns of expression. Some of these basic drives may be identified: the urge to obtain food, called the hunger drive; the urge to obtain liquid, called the thirst drive; and the urge to obtain rest, called the fatigue drive.

Although basic drives are common to all men, the activity involved in reducing the intensity of a basic drive may vary greatly

with different people.¹ For example, in reducing the hunger drive, the Onas—primitive tribesmen in South America—have no fixed meals, use no implements, and eat mainly broiled meat. In contrast, the American has three meals a day, uses several utensils while eating, and may prefer a varied diet or may be a vegetarian. Such a degree of variation in activities and foods does not occur among other animals within one species. In some instances, no variation exists in subhuman behavior patterns, despite the time element or geographical variations. An ant colony in Pennsylvania is exactly like one in India, and both are duplicates of the ant colonies in existence thousands of years ago.² Thus another distinction between instincts and basic drives is that instincts are inflexible and basic drives are flexible. Since man is not closely controlled by inherited ways of acting, he has freedom in developing new activities and variations of old ones. Also, the importance of learning to mankind is here clearly apparent. Man must learn or die. Subhumans can exist merely by relying on their inherent instincts, but man cannot.

Man also develops *acquired* or *secondary drives*, so designated because they are not inherited but learned. These secondary drives develop out of man's ability to think and learn, and they may be based upon the inherited basic drives. They may become equal to or even greater in strength than the basic drives. Mahatma Gandhi's passive resistance to the British by fasting is an example of a secondary drive that was stronger than an inherited one. His desire to obtain independence for India, an acquired or secondary drive, was stronger than the inherited hunger drive.³

Ability to Learn

LEARNING PROCESS Since man's ability to learn is a function involving several biological characteristics, it is not easily separable, nor can it be as easily described as can a visible factor like upright posture.⁴ The ability to learn is linked with mental ability and maturation. Learning is not a characteristic unique to mankind; it is the *degree* of learning of which man is capable that here distinguishes him from subhumans. Subhumans demonstrate the ability to learn in many ways, yet their learning is relatively limited. One of the reasons for this limitation is their lack of language. Even with this drawback, however, fish have been taught to discriminate among colors, and monkeys have learned to construct devices such as rakes and platforms to get food unobtainable without such aids. But

the learning evidenced by even the most highly trained subhumans, such as dogs, elephants, or horses, is so small in comparison with the learning of an average man as to be almost insignificant.

Although learning itself may be easily described as the ability to use past experience to modify present behavior, the process by which this ability is achieved is not perfectly understood. A considerable amount of relevant data and theory, however, has been accumulated. This knowledge of the general characteristics of learning is necessary to an understanding of how the individual becomes a functioning member of the group. Four factors essential to learning are listed below.

- (1) A drive. Drives have already been discussed. They impel the individual to activity.
- (2) A cue. Any stimulus that evokes a response from the individual.
- (3) A response. Any behavior that a cue arouses.
- (4) A reward. Any event or events producing a reduction in the strength of the drive.

A situation in which learning has already occurred illustrates the integration of these four factors. The body tissues of an individual are dehydrated (thirst drive); there is a water faucet in the kitchen (cue); the individual turns the handle of the faucet and takes a drink (response); the dehydrated tissues are replenished (reward).

A stranger from another planet having the same drive would first attempt to follow a previously learned pattern to satisfy the drive. If this response failed, he might turn to unfamiliar elements, such as a window, a gas stove knob, a pillow, a dish (cues), trying them at random. He might behave toward these cues by opening the window, turning on the gas, eating feathers, and breaking the dish (responses). None of these would reduce the intensity of the drive (reward him). If by chance he hit upon the proper cue, the faucet, and he returned directly to this cue each time the drive recurred, he would have *learned*.

LANGUAGE Language is unique to man, though it is not a part of man's original nature. Language, however, does have roots in many of the biological characteristics already presented, such as the speech capacity, superior mental ability, and ability to learn. Since no man is born with a language, his association with other human beings is vitally important to its development. The close relationship between language and learning warrants including language as a part of the learning process.

Children deprived of the opportunity to learn a language or persons who lose their language ability do not develop or maintain all of the usual human characteristics. There have been a few instances of "wild" children, who had no prolonged contact with other human beings until they were found. In every case, the behavior of these children was like that of animals or imbeciles, and all were mute.

Subhumans do not possess language. Whatever communication they carry on derives from instinctive utterances. For example, an ape raised in a human social environment makes exactly the same hunger, fear, and warning sounds as those used by apes living in their native environment, even though the lone ape has never seen one of its own kind. So limited, subhuman animals cannot formulate propositions. Man, on the contrary, can communicate to other men thoughts about past events or can warn of events to come. For example, he may discuss democratic procedures in the English Parliament of the year 1700, despite the lapse of time. He may compare the United States Congress with the English Parliament at the present moment, regardless of the intervening miles. Thus language enables man to overcome time and space limitations which restrict subhumans.

LANGUAGE AND REALITY In learning a language, man substitutes symbols for reality. He grows skilled at manipulating such symbols within his mind. This process is thinking. Here again, the contrast between human beings and subhumans may be emphasized: subhumans cannot substitute symbols for reality. In their mental processes, there is merely manipulation of direct sensory perceptions. For example, hearing the word *stick*, seeing a stick thrown, and receiving some reward for its return, a dog can learn to associate the sound of the word with the object. But the association must be immediate and direct. When told to "fetch the stick tomorrow," the dog does not respond. Because of the ability to substitute symbols for reality, man can achieve much more complex thought processes than can subhumans. He can also master more complex situations than the simple one in the drive-cue-response-reward sequence involved in the illustration of satisfying the thirst drive. In this sequence, the learning could have been achieved without the aid of symbols—the learner could have learned to turn on the water faucet solely by the trial-and-chance process. But consider what happens when an engineer wants to learn the law of gravitation,

$F = GM_1M_2/d^2$. Here the drive is a secondary one; the cue is a series of symbols, none directly connected to reality; the response is manipulation of these symbols within the mind; and the reward merely a reduction of the intensity of the secondary drive to learn the formula.

The ability to use symbols has disadvantages, as well as advantages. Throughout history the use of language has caused confusion among men. In part, this confusion is due to the use of different symbols for the same reality. The symbol *moon* is used by English-speaking people and the symbol *луна* by the Russians to designate a particular object seen in the night sky. The use of different symbols for the same tangible object is confusing, but at least both groups are in agreement as to the specific reality for which these two symbols stand. The confusion is often greatly compounded when intangible subjects are involved. For *democracy*, the Russians also use a different symbol—*демократия*. Supposedly these two symbols represent the same thing, as did those for the moon. But when the reality for which the symbol *democracy* stands is compared with the reality for which *демократия* stands, there is little similarity. It is obvious that when tangible aspects of the environment are involved, the difficulties of symbolic communication are not extreme, but that in the realm of intangibles, such as theories, opinions, ideas, and generalities, mutual understanding often is difficult.

DEVELOPMENT OF SELF As they become dependent upon thinking, the responses of the human being become organized. The very young infant has no conception of what belongs to his body and what does not. His own toes are as much a part of the external environment as are the electric light or the rattle. He gradually acquires habits and attitudes and more mature responses. At the age of two or three years, the child takes a major step in the arrangement of his thinking. He becomes conscious of his habits and attitudes and sees himself through the eyes of other people. He has acquired a "self." The child learns to evaluate his own worth in accordance with the way he thinks he is regarded by others. Until the individual has developed this ability, he does not realize that other points of view than his own exist.

Having achieved this objectivity toward himself, he applies it to things about him. Without such objectivity he could not compare things, and each of his own impressions would remain absolute. Of

course, in a normal person this ability is never perfected and never stable. Re-evaluations of one's self and of things are constantly being made as new social contacts occur and new facts are learned. In a democracy, this ability is of exceptional importance. The tolerance and openmindedness upon which democratic discussion depends are rooted in this sense of objectivity. A person whose perceptions are absolute can never learn to abide by the decision of the majority if it conflicts with his own. Thus awareness of self is necessary to social thinking and, in the long run, to organized group existence.

THOUGHT PROCESSES Once the individual has become aware of himself as a person, he uses certain thought processes to protect or enhance the self. Sometimes he is conscious of these processes, sometimes not.

One of these thought processes is *rationalization*, in which a person attributes his actions to creditable motives rather than to his true motives. That is, he explains his behavior in terms that he hopes will make it acceptable to others and to himself, regardless of the true explanation. To illustrate, a person takes a bribe because, he says, "If I didn't take it someone else would," but the real reason is his desire for money. Many of the chapters in this book contain materials dealing with controversial subjects, such as crop subsidies or federal aid to education. "Best" or "right" solutions to such controversies are not given. Should a student contend that he could not learn or understand such material because final answers are not given, his reasoning would be rationalization. The failure to understand may be caused by a lack of effort on the part of the student to reach his own conclusions rather than by the exclusion of answers from the text.

Inhibition, another thought process, is the restraint or repression of an attitude or physical action. Quite often the restrained attitude or action would not be socially approved if expressed. Sometimes another attitude or action is substituted. The tendencies to lie or steal, when repressed, become the bases for those traits called truthfulness and honesty. Society endeavors to teach the individual to inhibit those activities which are a threat to its ordered existence. In some instances, of course, failure to inhibit an action may be of little consequence to society, as when a person laughs at a serious moment in a movie. Almost every person at some time or other wishes to cast aside some of his inhibitions. Recently some amusement parks have provided stands where dishware exhibits may be

smashed by anyone who feels that his desire to "let loose" has been inhibited too long. At times, an entire group of people may refuse to restrain behavior which the general society condemns. The lynch mob is an example of this kind of uninhibited group activity.

A third thought process, called *projection*, involves the assignment of one's own feelings to another person. Thus an architect assumes that his son has the same vocational interest and may even dictate the son's future occupation. Projection is present also when an individual blames other persons or inanimate objects rather than admitting his own inadequacies. For example, a man walks into the edge of an open door and does not want to admit his carelessness; so he kicks the door, projecting the blame on it rather than accepting his own clumsiness.

Projection and rationalization often occur in close association. A prisoner may place the blame for his wrong-doing on corrupt political officials who made it easy to "take the wrong road." During his rise to power in Germany, Adolph Hitler shifted the guilt for World War I onto the shoulders of American and British "warmongers" and other groups outside Germany.

HABITS AND ATTITUDES Man does not inherit fixed patterns of behavior, but he does develop certain specific patterns of action—habits—that are followed at appropriate times and may be retained for a lifetime. Simply defined, a habit is a learned pattern of activity which is used automatically. These learned patterns are repeated over and over; they become "set"—that is, they are closely followed every time an occasion arises requiring similar activity. A person adheres to habits because doing so requires less mental effort and perhaps less physical exertion. Putting on the right shoe first or mounting steps two at a time are examples of habits. Although man learns to live by means of habit formation, he has the ability to form new habits constantly, thus possessing the possibilities of a highly varied and flexible way of life.

Although habits may form a strong fence against changes pressing upon the individual, changes in a person's life may force a change in habits, with a resulting feeling of insecurity. A degree of mental and emotional maturity is required for successful adjustment to new ways when long-established habits must be changed. For example, the high school student is guided and told what to do throughout the school day. He develops the habit of relying upon his teachers and counselors for guidance and control in education.

When he enters a college or university, he is given considerable freedom to make decisions about study periods, class attendance, class schedules, and leisure-time activities. Often it is difficult for him to make this adjustment, because he must substitute the new habit of self-reliance for the old habit of reliance upon others, and he feels insecure about his decisions.

In addition to habits, man develops mental outlooks, or attitudes. An attitude is an acquired tendency to respond *in a certain way* to given stimuli. Attitudes serve as "set" inner controls which are manifested as activities repeated in response to the same or similar situations.

A person acquires most of his attitudes from the society in which he lives. In the United States, the acceptance of democracy or of universal education by succeeding generations indicates that society has "taught" each generation to look upon these institutions with favor. Even likes and dislikes for food may be socially dictated, as with certain tribes in Africa which, as tribes, do not eat the flesh of chickens. Being predispositions which affect behavior, attitudes are not themselves activities, but rather stored-up learning which affects activities.

The strength of an attitude may cause a person to reject additional information about some social issues and thus block his progress toward social understanding. One who dislikes labor unions intensely should determine how he acquired such an attitude and whether or not it is based on complete and valid information. Similarly, a strong liking for democracy should not preclude the search for inadequacies in the democratic system nor blind the people to the possibilities of improvement in a democratic society. Since man is born without attitudes, dislike of persons having a different skin color or hatred of groups having a different religion are not "natural" attitudes. Indeed, there is no such thing as a "natural" attitude; attitudes are adopted by a person from the group in which he lives.

OTHER BIOLOGICAL CHARACTERISTICS

Modern man resembles his ancient ancestors very closely. It is estimated that little change has taken place in man's biological make-up in the past 20,000 years. This stability of original nature means that the men who shaped stone axes, or built pyramids, or planned television were generally alike in ability to think and in physique and appearance. In other words, man has made enormous

strides in his culture-building while remaining relatively fixed in his physical make-up. In contrast with the stability of man's original nature are the countless variations among the physical characteristics of individuals. These biological differences may be placed in three major categories—individual differences, sex differences, and racial differences. No two persons on earth have ever been found to be biologically identical in every respect, and even if two such were found, they would not be identical in personality, because of the impossibility of their living under exactly the same environmental conditions.

✓ *Individual Differences*

In the main, the individual differences in appearance are biologically determined. Skeletal structure and hair, skin, and eye color are inherited. Yet hair may change color, and the sun can alter skin color. A deficient diet may cause rickets, which may result in bow-legs. Obviously, environment exerts an influence on physical individual differences.¹

As regards differences in intelligence among individuals, there has been some disagreement. In the study of the differences in human mental ability, tests have been devised to measure such ability and to determine the I.Q. (intelligence quotient) of the individual. The I.Q. of an individual is his intellectual capacity stated in numerical terms; it is found by dividing the mental age (determined by giving intelligence tests) by the age in years. During the early years of investigation, researchers maintained that the I.Q. was determined by heredity and was unchangeable. Later research indicates that the I.Q. of an individual may be improved by a different and better environment. This apparent improvement, however, may merely indicate an inadequacy in the intelligence tests: it may be that they do not measure intelligence alone, as intended, but also, to some degree, learning and experience.

If it were not for individual differences, the many variations in personality, habits, and attitudes among men would be enormously reduced. Many of man's social rules have been shaped to accommodate these differences. In the political field, for example, both age and intelligence have been considered in the formulation of voting laws.

Sex Differences

It is obvious that structural differences in sex are biologically determined. Beyond the structural differences, men and women

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It is obvious that structural differences in sex are biologically determined. Beyond the structural differences, men and women

differ in rate of maturation (women mature earlier), in metabolic rate, and in resistance to disease. Some of the differences between men and women that were previously attributed to biological factors have now been proved to be due to cultural conditioning—for example, differences in memory, mechanical aptitude, and linguistic ability. Men and women are not markedly different in mental ability, and those variations which do appear at certain ages are due to environmental factors. For the most part, society also determines what the behavior differences between men and women shall be. The superiority claimed for men in certain occupations has no basis in fact, and equality of men and women in all fields of endeavor is increasingly accepted throughout the world.

Racial Differences

DEFINITION OF RACE Considerable confusion exists in the attempts to define race. Often reference is made to the "Jewish race," but no such grouping can be found in any of the scientific studies of race. Some social scientists have contended that the Nordics are a race, others have termed them a subrace, and still others, a subspecies. The entire problem revolves around the criteria to be used for classification. Should these be color of eyes, similar arm length, and size of ears, or some other group of characteristics? If nine inherited physical traits are chosen as a basis for classification, how shall we classify a person who conforms in eight but not in the ninth?

For convenience in discussion, *Homo sapiens* is usually divided into three main groups, variously called stocks, subspecies, or races. The three groups are Caucasoid, Negroid, and Mongoloid. Many standards are used to determine to which race a person belongs. Some of these standards, such as height, skull capacity, weight, or skin color, are almost useless, because so much variability exists within all groups. The three most useful criteria are hair texture and hairiness, nasal index, and the cephalic index. Hair texture is determined by the breadth-length ratio of a hair's cross section. The nasal index is the ratio of the greatest breadth to the height of the skull's nose-aperture. The cephalic index is the ratio of the greatest breadth of the skull to the greatest length.

Not all of the people of the world can be classified according to the three races mentioned. A number of people do not fit the established standards for any one of the three and therefore are placed in separate, unclassified categories. Among these are the native Australians, the Ainu of Japan, and the Polynesians of the Pacific.

FACTS AND BELIEFS ABOUT RACE Some of the misunderstandings regarding race may be clarified by a consideration of certain facts and beliefs about race.

RELATIONSHIP OF HUMAN RACES

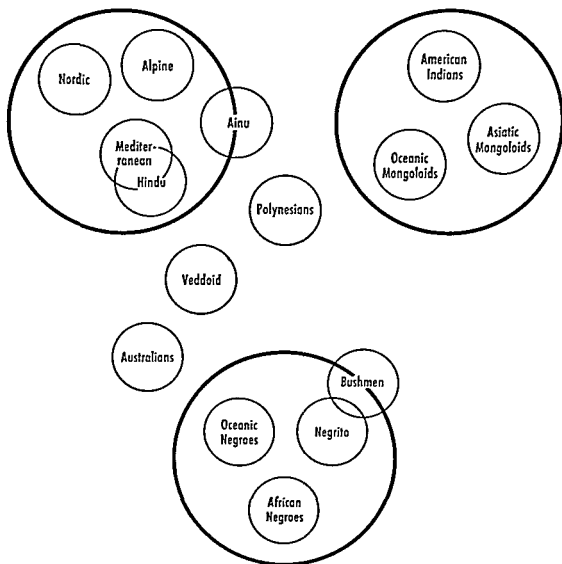


Figure 2. This diagram shows the three main races—Caucasoid (upper left large circle), Mongoloid (upper right large circle), Negroid (lower large circle)—and the subraces. Some subraces—Australians, Veddoid, Polynesians—do not show characteristics of the three main races; others have some characteristics (indicated by the circles being partly within the circle representing the main race). (Adapted from A. L. Kroeber, *Anthropology*, Harcourt, Brace & Co., Inc., 1948)

First, there is no pure race. Migration and cross-breeding have intermixed the races to an ever-increasing degree.

Second, some of the popular ideas of race are unacceptable and

useless as criteria for designating racial groups. The inhabitants of a particular nation cannot be called a race. There is no Chinese, British, or French race. Supposedly recognizable physical types, such as the Arab, Irish, or Spanish, do not represent races. Persons speaking the same language do not thereby form a race—for example, there is no Latin or Aryan race. Classification of a person as a member of a race by color alone is impossible. The Hindus meet all the criteria for membership in the Caucasoid race and are so classified, but their skin color is brown. Many Negroes have lighter skins than the Mediterranean people of the Caucasoid race. Nor can groups having the same religion or culture be spoken of as a race. The Jews can be grouped only on the basis of common religion. There are Mongoloid and Negroid Jews; tall, blond, blue-eyed Jews; and short, black-haired, red-brown Jews.

Third, no race is biologically inferior to the other races. No race exceeds the others in either physical or mental abilities. As Franz Boas, a noted anthropologist, has stated, if the best third of all humanity were selected on the basis of intellect and personality, every race would be represented. †

EUGENICS

Since the beginning of the study of mankind, there have been proposals and plans for achieving a better society through controlled reproduction. From Plato, who lived in the fourth century B.C., to Hitler, in the twentieth century A.D., many persons have believed that a "superior race" could be produced by preventing inferior individuals from having children. Of course, this belief assumes that tall, blond, blue-eyed parents produce tall, blond, blue-eyed children, and that geniuses produce geniuses—in other words, that like begets like. Tall parents do tend to produce tall children, but when a single couple is selected from the group, no accurate prediction can be made as to whether the children will be tall or short. To be sure, a given type of fruit fly or of corn can be bred fairly true to form. But with human beings, two basic considerations make success in an analogous project extremely unlikely.

First, the number of variables in the structure of the human chromosomes and in the union of human cells makes consistency almost impossible. Although it might be possible to breed a group of tall persons, the possibility of breeding a group having several common characteristics—tallness, blue eyes, blondness, and fair skins—is exceedingly remote. Second, the selection of a "master mold," or

model, would be a point of everlasting debate. Some societies hold epileptics in highest esteem; others commit them to isolation in asylums. Some societies prefer slight, short persons; others prefer the heavy, muscular type. "Normal" is a relative term, changing with each society and even within a given society. If a new and different master mold were adopted, the entire program would have to be started anew. The quest for a super-race would appear to be endless when it is realized that the achievement or elimination of a single characteristic from a population would take hundreds of years.

Some contemporary societies recognize certain qualities appearing in the original nature of a person as a threat to the continued welfare of the society. Though idiots, imbeciles, and the criminally insane may have children who would not have the negative characteristics of their parents, some societies are unwilling to take the chance that these socially judged "unfit" persons may have normal children. Therefore, they are prevented, by segregation or sterilization, from having children. As early as 1913, sterilization laws were passed in North Dakota, Michigan, Kansas, Oregon, California, Wisconsin, and Iowa. Also, certain diseases are known to affect adversely the original nature of children whose parents have the disease. Therefore, some societies protect themselves by requiring a medical examination for persons about to be married.

HEREDITY VERSUS ENVIRONMENT

Throughout the previous material, frequent reference has been made to the environment within which original nature functions. For example, it was pointed out that association with other people is necessary before a language can be learned. Even if an individual were completely equipped with all the characteristics of man's original nature, he still would not be, nor could he become, a "human" being merely by possessing these hereditary characteristics.

For a long time it was thought that most behavior and all physical traits were determined by one's biological inheritance and that environment played little if any part in shaping the human being. The followers of this theory contended, for instance, that musicians were born, not made. They would make such statements as, "Mary inherited her mother's neatness."

About 1920, opinion swung to the opposite extreme, and a psychologist named John B. Watson was influential in converting people to

the belief that environment is the outstanding determinant of man's physical and behavioral development. Watson said, "Give me a dozen healthy infants, well-formed, and my own specific world to bring them up in and I'll guarantee to take any one at random and train him to become any type of specialist I might select—doctor, lawyer, artist, merchant-chief, and yes, even beggarman and thief, regardless of his talents, penchants, tendencies, abilities, vocations, and race of his ancestors."¹

At present, most of the world's scientists regard man's behavior as a result of both heredity and environment, and differences among individuals and groups as the result of variations between and within these two determining factors.

PERSONALITY

Understanding that man and his behavior are the product of both heredity and environment, we need now to analyze the total functioning individual. This total functioning is just what the term *personality* means—the summation of all the individual's habits, attitudes, and characteristics. It is the organization and integration of all the components of original nature and all life experiences. Personality, however, is not a fixed unity. The constant changes brought about by maturation and by a frequently changing environment create a somewhat different unity day by day. Personality is organized around three aspects of the individual's life: the concept the individual has of himself, his status among his fellow men, and the role or roles he plays in society.

Concept of Self

The development of the sense of self was discussed earlier and needs little elaboration here. Without the objectivity gained by the ability to appraise his own behavior through the eyes of others, a person would develop an unbalanced and nonintegrated personality. For example, such a person would have no sense of shame or guilt. Obedience, as a part of the personality of a child, may develop because of a self-imposed "spanking." Before such behavior can occur, the child has to judge his own actions as "wrong." In other words, he must know how others appraise his actions. Some persons are unable to judge accurately how other people appraise them, or are

¹ John B. Watson, *Behaviorism* (New York: W. W. Norton & Co., Inc., 1924), p. 82.

unwilling to accept the appraisals that are made by others. Thus a person's actions may not meet the expectations of his acquaintances, and they avoid him.

Status

The status of a person is his relative rank within the group. The group places each person at some point on its scale of esteem. Status may be either ascribed or achieved; that is, an individual may be born into a social position or he may through his own behavior determine his social position. Any number of factors may be significant in the determination of status. Old age has frequently meant high status. Low intelligence or a mental abnormality may mean inferior status. Family name, wealth, education, or nationality may affect status. It is odd but true that a person's personality may be both a cause and an effect of status. Thus, a physically inferior student who occupies a low status in a sports-loving school may develop an inferiority complex which further lowers his status in other fields, such as academic subjects, music, or dramatics, and in his social relationships. Juvenile delinquency has often been traced to the offender's attempt to prevent loss of status in the eyes of the gang by committing the daring act of breaking the law. Loss of status generally has a depressing effect upon the personality. The individual may react to such a loss by entering another field of activity with excessive vigor and enterprise to regain status.

Role-Playing

Role-playing is the participation in different activities in the same or different groups to fulfill a recognized function. For example, a man may be at the same time a father, a doctor, an army colonel, and a teacher. Each of these roles requires somewhat different behavior. The ability with which an individual can fulfill a role affects his status and thus his personality. One may play a role without actually participating in real-life situations. For example, vicarious participation by means of the movies or reading yields role-playing experiences. By assuming the personalities of Robin Hood or the Lone Ranger, the child gains breadth of experiences and understanding.

In contemporary society, the child does not always have an opportunity to learn the role of father or mother during childhood and adolescence. If both mother and father are working or if the parents are divorced, the child does not have a chance to observe

or imitate the kinds of activity that will be required of him in his own home in later life. This failure may lead to a lack of understanding of the requirements in family situations, and broken homes may result.

Besides fulfilling a role, the individual must also be able to change from one role to another without totally losing his identity with each. In the first example above, the man when in the role of a doctor must remember and must keep in the background the roles of father, colonel, and teacher, or a multiple personality will result. Many men who return to civilian life from the armed services find themselves carrying out actions learned in military life. It is difficult to push such strongly ingrained behavior into the background to make way for other roles. ¹

Personality Adjustment

At certain times and under certain circumstances, most people are faced with personal problems as well as with problems caused by a rapidly changing society. Even though most people are able to make reasonably good adjustments to the changing patterns of life, it is often necessary for a person to adjust his personality rather radically so that serious problems confronting him can be met in such ways as to bring satisfaction to him.

As a person develops a self and becomes emotionally mature, he not only becomes more able to tolerate, accept, and understand both himself and others but also increases his self-reliance, self-direction, and ability to meet problems with which he is confronted. The person who constantly relies upon rationalization and other thought patterns to excuse his own inadequacies is not facing his problems with emotional maturity and, as a result, may not be able to develop the ability to make the personality adjustments necessary for individual happiness and satisfactory group relationships.

Emotional maturity develops slowly. Lindgren says,

The process of becoming emotionally more mature may also be described as a process whereby an individual demonstrates the following kinds of growth: (a) growth in his ability to understand, tolerate, accept, and respect himself and others, and (b) growth in his capacity for self-reliance, self-direction, responsibility, and productivity. The term "growth" is particularly appropriate here because psychological changes in the direction of maturity tend to come slowly, sometimes gradually and evenly, sometimes unevenly, through a process of spurting ahead and dropping back,

with progress and improvement apparent only after a considerable period has passed.

... Actually, this is an advantage, because the slowness of growth enables all elements of the personality to adjust to and accommodate newer patterns of behavior. People who change too readily are in danger of becoming too adjustable, too likely to change with every new situation. Such people tend to lack firmness of purpose and stability; they are all things to all men.²

Experiences in the individual's life affect the attainment of emotional maturity. Some experiences may result in irrational fears, inability to accept suggestions and criticisms, and feelings of inferiority which may affect the individual to such an extent that he does not attain emotional maturity. As a result, it may be difficult for him to adjust his personality to group living. This phase of maladjustment in the individual is dealt with in Chapter 10, "Maladjustment within Society."

Types of Personality

Although personalities are never identical, certain similarities have been noted by social scientists. These similarities, in turn, have been classified by various methods into personality types. Probably the best-known classification is that formulated by the Swiss psychoanalyst Carl Jung, whose terms *extrovert* and *introvert* are widely known. Extroverts are persons whose primary interests are centered outside themselves. Introverts focus their interests inward, upon their own mental and emotional processes. Other personality classifications have been based on bodily structure and glandular secretions.

There is no complete agreement on the accuracy of these classifications. The physical-structure classification (somatotyping) has had publicity because of United States naval research in the field. Generally, the plump men (endomorphs) were found to be good natured and easy going. Muscular men (mesomorphs) were leaders—active and ruthless. Lean, tall men (ectomorphs) were introspective, tense, and antisocial. But the conclusion from this research that certain temperaments fit certain body types is not widely accepted.

² Henry Clay Lindgren, *Psychology of Personal and Social Adjustment* (New York: American Book Co., 1953), p. 5.

SUMMARY

In this chapter we have discussed the importance of certain biological characteristics of man and their influence on his group life. The inherited biological characteristics are called man's original nature. Certain biological characteristics play an important part both in creating social relationships and subsequently in influencing them.

In relation to body weight, man's brain is much larger than the brains of subhumans. The result is a superior mental ability, which is closely related to the ability to speak and to develop a language for communication with others. Language opens the road to escape from time and space restrictions which hamper subhumans.

Because man matures slowly, he depends for a number of years on others to feed and protect him. These necessary relationships lead to the development of other relationships, which continue through habit. Thus, men live in groups rather than as hermits, and habits and attitudes learned from group associations play an important part in their lives.

Since man inherits drives rather than instincts, he has the freedom to develop new activities and the chance to improve his way of life. It also is important to note that since man does not inherit specific behavior patterns, he must learn or die.

Learning is the acquired ability to profit from past experiences, but this simple definition conceals a complex process which is not fully understood. Defining the process as a drive-cue-response-reward sequence, however, yields insights for both better learning and better teaching. Because he is a superior learner, man develops learned or secondary drives, which may modify or even supersede basic drives.

The ability to sum up one's own characteristics as other people see them—that is, to visualize the self—is important in the development of personality and of a sense of objectivity. Once this self is established, most people tend to protect it, often by such thought processes as rationalization, inhibition, and projection. A person is better able to visualize the self if he analyzes his status or rank within the group.

Man has not changed biologically during the past 20,000 years or so. The changes in ways of living during this period have been due not to increasingly superior inherited abilities but to factors which we shall discuss in the following chapter. There are, of course, varia-

tions among human beings. These variations—sex, racial, and individual differences—add complexity and variety to life. So far, attempts to produce a “better” type of human being by controlled breeding (eugenics) have not been successful, in part because of the number of variables involved and in part because of the uncertainty of human decisions about the components of the “better” type. Man’s hope for a “better” life apparently lies in his ability to understand himself and to build a better environment.

QUESTIONS

1. What advantages can be gained by studying the individual man before studying his group characteristics?
2. Relate the characteristics listed under man’s original nature to his social activities.
3. Distinguish between “basic drives,” “secondary drives,” and “instincts.” What are three significant factors resulting from the differences between “basic drives” and “instincts”?
4. Analyze a learned ability, such as golfing, reading, or shooting a gun, indicating the four essential factors.
5. Give examples of symbols that stand for nonmaterial things.
6. What is meant by the statement that animals cannot escape time and space limitations?
7. Contrast “facts” and “beliefs” about race.
8. Why is the development of the self important?
9. Explain how concept of self, status, and role-playing affect the individual’s personality.
10. What are some of the elements necessary in satisfactory personality adjustment?

DISCUSSION

1. Analyze the following statement: “The man swerved the car ‘instinctively’ to avoid hitting the child.” What habits and attitudes are involved in this behavior?
2. Under what circumstances may “secondary drives” become equal to or stronger than “basic drives”? Give illustrations.
3. May man’s ability to think and learn bring him insecurity as well as security? Give reasons for your answer.
4. How are studies of twins who are reared apart helpful in the study of social science?
5. “Expressions of racial hatred are often rationalizations.” Explain.
6. From your experiences, illustrate the slow growth of emotional

maturity and the personality adjustments that you have found it necessary to make under different circumstances.

TERMS

Criteria: Standards on which a judgment may be based.

Environment: All factors other than the original nature which affect an individual.

Eugenics: The science of improving the human species by controlling reproduction.

Homo sapiens [Latin, wise man]: Man regarded as an organic species.

Perception: Recognition of an object through one or more senses and associated memory.

Prejudice: A predetermined attitude or idea of a person toward other persons or toward issues based upon values and attitudes.

Symbols: Any object, picture, gesture, sign, mark, printed or written matter, or sound which stands for, represents, or serves to recall a meaningful experience and which directs mental and actional associations.

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3 CULTURE AND CULTURAL CHANGE

Man is a social being. Men everywhere live in groups, and the group relationships contribute to the development of the individual. These group relationships also partly determine the social characteristics which develop as people live together for common purposes. A general understanding of the culture concept as related to group living will lead to a better comprehension of man's behavior in society.

CULTURE

Of the two environments into which man is born—the physical and the human—social science is concerned mainly with the human. Human environment consists of organized groups of individuals—a society—and a particular way of life that has been developed by the society—a culture. The culture of a people is acquired, or man made; it is the sum total of both the material and the non-material aspects of the day-to-day living of the group.

The culture of the group shapes the behavior and experiences of the individual during his entire lifetime. He comes to understand and co-operate with those about him as he learns the culture of his society. He is aided also in adapting himself to his physical environment and in making nature advantageous to him and his society. This control of nature began with the invention of the fist hatchet by Neanderthal man thousands of years ago and has continued, at an accelerating rate, to the present time. No evidence at present indicates any change in this trend. In the contemporary culture of the United States, flood control, irrigation, conservation, and air conditioning and insulation of buildings are results of efforts to adapt the physical environment to society.

Composition of Culture

As has been stated, culture has both material and nonmaterial aspects, and the two phases are interdependent. Many of the activities in a society cannot be explained or understood without the inclusion of tangible man-made or man-utilized objects. Churches, their furnishings, hymnbooks, books of worship, and choir robes, for example, are parts of the religion of a people, and these material objects play a part in the development of the nonmaterial or spiritual aspects of the religion.

Material culture is cumulative—that is, new objects are continuously added to those already in the culture. The rate of accumulation varies with the size and cultural complexity of the group. Some material objects are in use for only a short time, while others, because of their usefulness to society, are used for one or more generations. As new elements are added to the material culture of a society, those in use may be discarded. The additions usually exceed the discards, so that the amount of material culture becomes greater with time. The old cultural elements are not always completely discarded; they may be modified somewhat, or may be discarded by only some of the group, or may be used less extensively. For example, the automobile has replaced the horse and buggy as a means of transportation for most of the people in the United States, but some people still use the horse and buggy. Neither has the combine replaced other types of harvesting machinery in all areas of the United States, nor have diesel locomotives completely replaced steam locomotives in railroad transportation. It is with society much as it is with the housewife who gets a new set of dishes. She is unwilling to discard the old ones completely but keeps them to use from time to time, throwing them away only when they are entirely useless to her.

Material culture often plays an important part in the interrelationship of peoples of the world or within a nation. There is a tendency to judge the culture of other societies by the material rather than the nonmaterial aspects: a visitor from one country to another is more likely to judge the religion by the magnificence of the cathedrals than by the daily practices and attitudes of the people. Even in the United States, people from one section of the country are inclined to judge another area by its material progress, without fully considering other elements.

Nonmaterial culture includes all man-made, intangible patterns of living, such as beliefs, attitudes, knowledge, and habits. New

beliefs and attitudes are added to the group's way of life in somewhat the same way as are new machines and articles of clothing. Older customs and beliefs are not usually completely discarded at any one time but are more often modified or become less widely accepted by the group. When people live together in groups for any length of time, they tend to develop types of behavior to meet recurring situations. Such types of behavior evolve through the trial-and-chance method. Ways are tried out, and people select the behavior activities that satisfy their particular needs and wants better than other ways—or at least satisfy them with less unpleasantness. When once found to be effective in meeting certain needs or wants, these ways become widely accepted by the group. In the course of time, a great variety of common ways of doing things develops. These are generally called customs, but they are also referred to as manners, habits, fashions, and etiquette.

FOLKWAYS The term *folkways* is widely accepted as descriptive of such customs or group habits of action.¹ Several characteristics of folkways should here be noted. First, folkways are group habits of action or thought. Once established, they are followed without thinking and without question. Sometimes they aid the welfare of the group; sometimes they do not. Second, folkways develop from the trial-and-chance method and come to be the effective ways of doing or thinking. Third, folkways of the different cultures in the world vary widely. Eating with chopsticks in one culture serves the same need as eating with a fork in another culture. Fourth, members of the group are not *forced* to follow the folkways. Once generally accepted by the group, however, folkways are followed from generation to generation over long periods of time, or until other ways are found that will better meet the needs and desires of the group. The individual is expected to follow the folkways, and if he does not, he is regarded by the society as "queer."

MORES When a folkway is considered the only "right" way of performing a specific function in society and is considered essential for the welfare of the group, society exerts a force on the individual to conform to it. To emphasize this compulsory feature, the term *mores* was introduced by Sumner. Actually, mores are the folkways thought necessary for group welfare. Folkways may be ignored or

¹ The term was first used by William Graham Sumner. See his *Folkways* (New York: Ginn & Co., 1907).

only partially followed, and the group will be little concerned. But members of the group believe that if the mores are violated, society in general will suffer. In the United States, if a man appeared in a suit of clothes of early colonial times rather than one styled according to the standards of the 1950's, he would be breaking a folkway and would be considered queer or odd, but he would not be forced to change his attire. If, however, he appeared without clothing of any kind, the reaction of society would be considerably different, since wearing clothing is considered the "right" way in the culture of the United States.

Mores become the group standards in accordance with which the activities and the thoughts of individuals are either "right" or "wrong." Mores, like folkways, change. Today, attending a motion-picture theater on Sunday is not censured by society; fifty years ago, it was "wrong." A century ago, slavery was "right," but today it is "wrong." At the beginning of the twentieth century, it would have been "wrong" for women to appear in a public place in slacks, yet fifty years later the custom is "right."

Both folkways and mores, however, tend to resist change and continue to be thought necessary by the group, even when the conditions which prompted them no longer exist. After all, the welfare of the group—either real or believed by it to be real—is the test for the standing of the custom in the culture of the group. The custom may seem ridiculous to individuals in another group. If the members of the group judge it necessary to their welfare, however, they practice it regardless of the attitude of another cultural group. To most people in the United States, for example, the practices of sitting on the floor to eat meals and of sleeping on a hard pallet on the floor are strange; yet the Japanese people consider such practices to be "best" ways for eating and resting. Undoubtedly the Japanese consider our ways of eating and resting much as we regard theirs.

LAWS As the culture of a group becomes more advanced, the mores tend to be written into laws. Many of the laws in the United States have their beginning in mores. In general, these have been the mores relating to certain fundamental aspects of group life, such as birth, death, marriage, property, and protection of life. For example, laws pertaining to the inheritance of property by the children and spouse of the deceased and to the responsibility of parents for the care of children have developed from mores. Also, many laws in the United States are based on English common law.

which developed from the mores of the English people. The law and the mores, however, are not always the same, as some mores are not written into law. These have the respect of the group, and no formal sanction is necessary. Though not all laws are based on the mores, laws that are contrary to them are often ineffective and unenforceable. An outstanding example is the Eighteenth Amendment to the Constitution of the United States. Although the sale of intoxicating beverages was prohibited by this Amendment, their sale continued in certain areas of the nation. In these areas, the mores of the group sanctioned the use of such beverages, and the force of law was not strong enough to change the group sanction.

One of the mores may change, and a law which was based upon it may become unenforceable. There are many such obsolete laws in the United States. Examples are the so-called "blue laws" in some States prohibiting ball games, motion pictures, buying and selling, and many other activities on Sunday. Such laws developed from the mores: the people believed that Sunday should be a day of rest and worship. But conditions changed and such restriction was no longer considered the "right" way. Some of these laws continue to be on the statute books, but regardless of the laws one may attend a ball game, go for a swim, spend the day at an amusement park, or buy groceries for his Sunday meal.

The Universal Culture Pattern

The study of the cultures of various groups of people reveals differences that are sometimes shocking, sometimes highly amusing, when contrasted with one's own culture. The more important revelation of such a study is not the differences but the similarities. All people have a culture—a way of life which they follow. Furthermore, although there is wide variation in folkways and mores throughout the world, all cultures tend to follow a similar pattern. The present governmental structure in the United States is considerably different from that of the Ona, the aforementioned primitive tribe in South America, and yet each serves the governmental needs of its group. Again, the megaliths of Neolithic man seem to have little in common with the Cathedral of Notre Dame in Paris, France; however, meeting the religious desires of the group is a fundamental similarity. Likewise, the practices of the medicine man of an Indian tribe are far different from those of the specialized doctor of medicine in present-day culture, but they are similar in their purposes.

By and large, the reasons for this degree of cultural uniformity are the general likenesses in man's original nature and the general likenesses in the circumstances of man's life; everyone has the problem of surviving and of adjusting to his environment. No matter when or where, men live by such functions as sex, worship, work, and recreation. They use tools and have a form of government, a family organization, economic institutions, religious ceremonies, and associated activities in order that they may survive and adjust to the environment.

The specific methods of accomplishing these purposes vary from group to group and from time to time. However, in a study of past and present cultures, Clark Wissler, an American anthropologist, found that all groups studied have needs and functions that seem to be universal. An outline classifying these needs and functions was developed by Wissler and is referred to as a universal culture pattern. A summary of Wissler's classification is as follows: ²

- (1) Speech, including language and writing
- (2) Material traits—objects and the skills pertaining to them, such as food and food habits, shelter, occupations, transportation and travel, dress, tools, and weapons
- (3) Art—for example, carving, painting, drawing, music, and the like
- (4) Mythology and scientific knowledge
- (5) Religious practices
- (6) Family and social systems, which include forms of marriage, inheritance, social control, and sports and games
- (7) Property, both real and personal, standards of value, exchange, and trade
- (8) Governmental, political, and judicial and legal procedures
- (9) War

The degree of advancement of each division differs in the various cultures. The culture patterns that are simpler in form are popularly referred to as *primitive*. When a culture becomes more complex or advanced, we call it a *civilization*, a word associated with rather large populations and with the massing of individuals in cities. Civilization also implies an extensive economic system, an organized political state, and relatively elaborate institutions of art, family life, education, and religion.

² Clark Wissler, *Man and Culture* (New York: Thomas Y. Crowell Co., 1923), p. 74.

CULTURAL CHANGE

Although cultures have almost unlimited capacity for change, some elements in a culture resist change more than do others. For example, a society may resist change in its religious more than in its economic institutions. The rate of change is different among both past and present cultures of the world and even from time to time in the same culture. As a culture pattern becomes more complex and as the physical needs of the individuals of the group are cared for, the rate of change usually increases. One student naively remarked that the culture of Neolithic man advanced more rapidly than did that of Paleolithic man because the former "had time to sit around and make pottery." Actually, Neolithic man had progressed in caring for his physical wants and his protection; thus, he could turn his attention to developing cultural elements to satisfy other wants and needs in his life. In the culture of the United States, the rate of change has been more rapid in the twentieth century than it was in the preceding centuries. The people have solved many of the political and economic problems characteristic of a new nation and now are finding opportunities to develop other aspects of the culture pattern.

Factors in Cultural Change

Cultural change is a result of both social and natural factors. The social factors, the chief sources of cultural change, come from man's own efforts and activities. The natural factors are not themselves the product of man's efforts.

SOCIAL FACTORS New elements, both material and nonmaterial, can be added to man's total culture only by the processes of discovery and invention. Every cultural element can be traced to a discovery or invention, or to a modification or combination of various discoveries and inventions. Generally speaking, discovery and invention include all modifications of culture that are regarded as improvements by the social group. Discovery is the unexpected, unplanned finding of something that was previously unknown. Invention is purposeful experimenting with things that already exist in order to produce something which did not exist formerly. That the newly acquired knowledge is important in cultural change is illustrated by the way in which man's life has been revolutionized by such

developments as the steam engine, the radio, the automobile, anesthesia, pasteurization, and inoculation.

Invention illustrates the continuity of culture. An invention is built upon existing cultural elements. For example, the invention of the radio depended upon a number of important existing inventions, which in turn had been developed from existing cultural elements, and so on down the line for several hundred years. An invention may be simply a combination of existing elements—for example, the combined harvester-thresher—or it may be a modification or an adaptation of one or any number of extant cultural elements.

Nonmaterial elements also are added to the culture of a society by discovery and invention. In the development of a new nonmaterial element, existing knowledge may be modified, combined, and adapted to achieve the desired element. The type of representative government in the United States is an example. Elements from both English and Colonial governmental patterns were used to develop representative government in the United States. These factors were adapted, modified, and combined. (The story of this development is traced in a later chapter.)

Thus one condition for invention is the existence of both the necessary elements and the knowledge from which the invention can be created. In other words, a cultural heritage is necessary for invention. The greater the accumulation of cultural elements, the more possibilities there are for additions to the culture.

A second condition for invention is an existing need in the society. The need may come as the result of advancement in another line, as was true of the inventions of machines in the English textile industry during the mid-eighteenth century. When an invention enabled the spinners to produce thread faster than it could be used by the weavers, the society needed more efficient means of weaving. This need was met by the invention of the power loom. So also, when for any reason the established social order is no longer thought to be effective, men are challenged to find ways of meeting the situation. An example is the development of the commission form of city government. A disastrous storm in Galveston, Texas, made it imperative for the citizens to organize some form of government to meet the emergency problems. An efficient, business-like type of government was needed. In response, elements of business and government were adapted, combined, and modified into the city-commission form of government. If no immediate need for such

governmental reorganization had arisen, in all probability none would have been made, and the existing mayor-council form would have continued to function.

A third condition for invention is an inventor. A society as such cannot think and is therefore incapable of invention, though several individuals may work together to develop a new element, each making his own contribution. The inventor is the final link in a chain of many contributors to his invention. He is an individual who has personal genius; he is a thinker who has the vision to appreciate the potentialities of the knowledge of his time. Furthermore, he must have an insight into the goals of his society and must feel the desires and needs for new products and ideas.

These three conditions for invention are extremely closely related. There is almost a unity in their relationship; each can function only with the others.

Diffusion, another way in which cultural change occurs, is the transfer of cultural elements from one society to another. Contacts among societies make diffusion possible, and it occurs even where contacts are few and the distances are great. At present, few social groups are so completely isolated that they do not obtain something from other groups. If diffusion did not take place, the progress of any society would be exceedingly slow. By diffusion, an invention that has been made and accepted in one area of the world can be utilized in other areas either in its original form or as knowledge on which to build other inventions. Probably no society owes more than one-tenth of its cultural elements to inventions made by its own people.

Although many material and nonmaterial elements of culture have been invented in the United States, this society is considerably indebted to other cultures. In his daily activities, the average person in the United States is influenced by many elements or combinations of elements from both Asiatic and European cultures. Family institutions, religious beliefs, law, governmental practices, and art are all composed largely of elements from other cultures. Some elements in the culture of the United States come from the culture of the American Indian—for example, the potato, corn, maple sugar, methods of hunting and warfare, the use of tobacco, the canoe, and types of cooking. The culture of England has been perhaps the most influential in shaping the culture of the United States, but it must be remembered that England derived much of her culture from other societies.

The prototype of the paper on which this book is printed was an invention of the Chinese in the first century A.D. Its use first spread to the Near East and reached Europe in the twelfth century by way of the Moslem culture in Spain. However, the improved means of communication and transportation of the twentieth century make the time element in diffusion considerably different from that of the above illustration. Today, a new invention may become known to the entire civilized world in a few hours.

Diffusion can take place only if there are contacts among groups. The contacts in trade and commerce result in an exchange of both material goods and customs and ideas. The Commercial Revolution, which occurred in the sixteenth and seventeenth centuries, gave a tremendous impetus to cultural exchange. During that period, the Spanish, French, and English planted colonies in the New World. European culture was brought to the American continents, and some cultural elements from the native American Indian cultures were taken to Europe. Cultural diffusion also occurred between Europe and many other areas of the world. Modern trade and commerce, because of their far-reaching nature, are even more effective as dispensers of culture. They are agencies that can aid in laying a basis for a world culture and, hence, a world society.

War also diffuses cultural elements. The two world wars of the twentieth century were so far-reaching that, as a result, scarcely an area of the world has not in some way been affected by the cultures of other peoples. All through history, war has been an agency by which both material and nonmaterial elements of culture have been exchanged. One of the most impressive illustrations of this exchange is the Crusades in medieval times. In their original intent, the Crusades were religious, but the contact with the Near East brought to Europe cultural ingredients that in a sense revolutionized European life. Some of these elements were spices, soap, luxurious textiles, and jewels, as well as science and philosophy.

Cultural elements are also diffused by missionary activity. The tenets of Buddhism, Christianity, and Mohammedanism have been spread by missionaries with far-reaching results. Missionary activity spreads not only religious beliefs but also moral, social, medical, and economic standards. Furthermore, missionaries take cultural elements back to their native countries.

Exchange students and teachers play a part in cultural diffusion, as they learn the way of life of the people in whose nation they study or teach and take elements of it back to their native land. They also

introduce elements of their own culture. This means of cultural diffusion was practiced in ancient as well as modern times. All through history, students of one country have gone to another for the purpose of learning about that country's culture. Usually, the society to which they go is especially admired in their own societies or is outstanding for the kind of learning they desire. Thus students from the United States have studied art and architecture in Paris and literature in England, and Chinese and Latin-American students have studied engineering and science in the United States.

An effective agent of cultural diffusion of recent origin is the United Nations Educational, Scientific, and Cultural Organization. The activities of UNESCO include bringing about an understanding of various cultures among the nations of the world and the diffusion of cultural elements, especially nonmaterial ones, among the peoples of the world.

Such things as advertising, organized propaganda, the motion picture, and radio must be included among the agents of cultural diffusion. Today, these are becoming more and more responsible for the exchange of culture. Similarly, peaceful migration of people, travel, and intermarriage have throughout history been instrumental in the exchange of both material and nonmaterial elements of culture.

Borrowing of culture is selective in nature. Elements that fit into a culture and appear to be useful to the borrowers are adopted; if they do not fit, they are rejected. Thus new elements of culture are accepted primarily on the basis of two qualities—suitableness and usefulness. Seemingly, material elements of culture are borrowed with more ease and more enthusiasm than are nonmaterial. The social habits of a people, whether their culture is simple or complex, are resistant to the introduction of most foreign patterns of living. A material cultural element is usually modified only slightly, if at all, if it can be assimilated into the culture of the borrower. The Japanese borrowed numerous material elements from Western culture in the nineteenth century but accepted few nonmaterial ones. Such things as machinery, technical processes, transportation facilities, food, and clothing were adopted with practically no modifications; but religious beliefs and ethics were not generally adopted. Certain nonmaterial elements of culture of the United States, however, have been or are being accepted by other societies. Theories of education, democracy, and the rights of women and children are examples. Nevertheless, a much longer period of time is required

for a theory of education to become acceptable to a people than for a technical improvement, even though they may be equally useful to the society.

NATURAL FACTORS The physical environment also influences the development of cultures. The abundance or lack of natural resources affects the economic development of any society, which in turn affects other aspects of the culture pattern. Although physical environment may not change appreciably in any one, or even more than one, generation, history records many instances in which significant changes in the culture have taken place because of conditions in the physical environment. Neolithic man became a cave dweller largely because of a change in climate. Geographical areas have changed in the amounts of rainfall, thus causing a change in the economic practices of the people and often even abandonment of the areas. Floods have sometimes made areas of land useless to the people, so that they have had to change their way of living. Even the eruption of a volcano may bring about a change in the culture of a people.

As we saw earlier, the commission form of city government resulted from a hurricane. The overflow of the Nile River influenced the economic life of the ancient Egyptian civilization for centuries; it stimulated the development of mathematics, because land surveying became necessary; and it had great influence on religious beliefs and practices. Indeed, most physical phenomena have helped shape the religious beliefs and practices of primitive people.

How a society uses certain features of the physical environment is also a strong force in bringing about cultural change. For example, soil exhaustion may cause significant changes in the social order. Lack of conservation of natural resources by one generation may bring vast changes in succeeding generations. For example, the exploitation of the forests in the early history of the United States is felt in the present generation.

The biological characteristics of man have remained about the same for 20,000 years or so. But individuals vary in age, sex, and other physical traits, and these variations may affect the culture of a society. If there is a large proportion of older-aged individuals in a society, it is likely to be conservative in point of view, and cultural changes will be opposed or retarded in their acceptance by the group. On the other hand, a predominance of the older-aged group in a modern industrial society may make social legislation,

such as old age assistance and health insurance, an important consideration, since each group is concerned with its own welfare. If such programs become a part of governmental policy, certain other features of the society may be changed. In primitive societies, a predominance of young men sometimes leads to daring and warlike activities. In certain societies, the percentage of females has determined the forms of marriage and types of family organization.

Group Evaluation of Change

The acceptance of a new cultural element, whether it is an invented or borrowed one, depends upon how it is evaluated by the group. As we have said, the evaluation is based upon two main criteria. First, does the new element perform the function of an existing one more efficiently—is it usable? Second, can the new element be assimilated into the culture of the group—is it suitable?

The general acceptance of any new element by any society is preceded by a trial period. If it can meet the test of the two criteria, it is accepted; if not, it is rejected. The trial period may extend over a long time, because societies are often reluctant to change. In the United States, the city-manager type of government may be said to be in the trial stage. As a type of city government, it is introduced to society as an alternative of the mayor-council form, the city-commission form, and the variants of each. As the efficiency of the city-manager type of government has been proved in certain areas of the United States, it has been gradually accepted in other areas but has not entirely replaced the other forms. In time, the city-manager form may entirely replace the other forms, although it is unlikely that it will do so.

Sometimes a new element does entirely supersede an old one, but this usually happens only after a long period of trial. Furthermore, often the new element itself does not survive the period of trial but is found to be less satisfying than the old method and drops out of use. Often, of course, a new element may be merely a transition of an old one to another form and, therefore, may be accepted by the society with little, if any, resistance.

Another factor that sometimes influences cultural change in a society is prestige—prestige either of the group from which the element or elements under trial come or of the individuals who present them to the society. Although each society tends to think its culture superior to those of other societies, certain elements in other cultures are regarded with respect. In ancient times, the Romans

felt their culture superior to all others of the time, and yet they admired and perhaps envied much in the Greek culture. The prestige of the Greeks in art and literature caused the Romans to borrow extensively in those areas. The diffusion of democratic government following World War I was aided by the prestige of the United States in Europe. French perfumes and dress styles are accepted in the United States in preference to those originating in England because the prestige of the French designers is well established in this country.

Modern advertising recognizes that the prestige of the persons who present the new elements to a society is also often a deciding factor in acceptability. Thus a new product is advertised as having been used by this or that important person. Even in presenting non-material elements, such as new methods in education, ideological changes in religion, or advanced motifs in art, the status or prestige of the persons back of them is of considerable importance in determining their general acceptance.

CULTURAL LAG

Cultural change in a society may bring some maladjustment. This maladjustment is primarily the result of a variation in the rate of change between different but closely related elements of culture. For example, the development of highways and the laws controlling traffic congestion and speed on highways have not kept pace with the mechanical improvements, and the accompanying speed and power, in automobiles. Such a condition is called *cultural lag*.³

Since culture is a complex whole in which all parts are related, changes in technological elements of culture sometimes necessitate changes in certain elements of nonmaterial culture, particularly in those behavior patterns closely related to the new elements. If this change does not take place, social tensions may occur. The seriousness of these social tensions depends primarily upon the importance of the change and upon the time it takes for an adjustment to take place—that is, for the lag to disappear. A few lags in minor phases of culture are likely to be of little importance and may be visible to only a few of the members of the society. But if many lags occur in the major areas, the problem usually calls for general

³ William F. Ogburn, *Social Change* (New York: The Viking Press, Inc., 1922), p. 201.

readjustment. Mass protests, reform movements, and sometimes open rebellions take place in order to bring about restoration of mutual harmony among the elements of culture.

Some phases of nonmaterial culture will adjust more rapidly to changing technological conditions than others. Economic institutions usually adjust more rapidly than governmental, religious, and family institutions. In later chapters of this book, this point is illustrated by reference to the way in which industry devised new forms of business organization to meet the material changes following the Industrial Revolution, while family and government were slower in adjusting to the new ways, with resulting social problems. During that period, noticeable cultural lag existed between the judicial system of the nation and the needs of a laboring class that had grown out of a changing economic order. The courts for many years failed to recognize the right of laborers to organize themselves into unions for the purpose of promoting their interests in the growing industrial age. The judges held closely to the common-law rule of a nonindustrial era, in which the labor union was considered a conspiracy in restraint of trade. In this way, there may sometimes be a cultural lag between two elements of nonmaterial culture.

Cultural lag has been one of the causes of social tensions in the United States, and recognition of tension has been an impetus for significant alterations in family, governmental, educational, religious, and economic institutions.

ETHNOCENTRISM AND CULTURAL RELATIVISM

The members of a society or of a group within a society tend to have a strong loyalty to their own culture. They tend also to judge the cultures of other societies or groups according to their own. This tendency is called *ethnocentrism*. Ethnocentric groups tend to regard their own ways as refined and excellent and the ways of other groups as boorish and bad when these differ. Thus religious groups in the United States may regard Buddhism as a crude and heathenish religion; Californians may regard Florida fruits with disgust; members of some civil liberties groups may consider the Daughters of the American Revolution as a backward organization which interferes with the rights of individuals. In each instance, the group is judging merely by its own standards.

The practice of judging the culture patterns of other societies or

groups according to the importance attached to them by their own cultures is called cultural relativism.⁴ This standard for evaluating other cultures is believed by many to be a means whereby certain social tensions which often accompany ethnocentrism may be lessened. In the culture of the United States, the biased thinking of ethnocentrism is evident in the attitude of dominant groups toward minority groups. (See Chapter 9, Volume II.) The immigrant is often thought to be "inferior" or "peculiar" because he speaks with an accent or prefers different types of food or different forms of leisure activities. There is a failure to see that he is neither inferior nor peculiar, but merely different, and that, in his own culture, his preferences are considered the "best" ways. A widespread acceptance of cultural relativism might do much to replace prejudice and discrimination with an understanding and acceptance of minority groups.

THE VALUE OF THE CULTURE CONCEPT

The study of the culture of a group brings about a better understanding of that group and of its individual members. As has been pointed out in Chapter 1, man is influenced by all aspects of the society in which he lives. To understand him better, one needs to know the group ways of living, how these group habits came about, and how deeply they are entrenched in the culture. Any plan of world co-operation may be aided if there is an understanding of the culture patterns of the nations participating. True understanding, of course, will exist only if the cultural elements are recognized as having importance in their own societies. The tolerance that results from such an understanding may facilitate the working out of the points of difference among nations by their leaders.

The recognition of the value of the culture concept has influenced the writing of history. Increasingly, historians are moving away from the traditional approach of emphasizing political and military events and the development of particular institutions. The new approach recognizes and emphasizes the basic principles of social organization that can be seen to operate in any period. Emphasis is also being placed upon the way in which people have lived and thought, the values they have accepted, and the relative achievement of cultural unity.

⁴ John W. Bennett and Melvin M. Tumin, *Social Life* (New York: Alfred A. Knopf, Inc., 1948), p. 213

A knowledge of the culture of a society is of particular importance to the social reformer and social planner. If the reformer is to be successful in introducing his new pattern of activity, he must fit it into the folkways and mores of the society. He also must take into consideration the nature of change in the social order and allow for cultural lag. He cannot hope for people to accept new belief systems in a brief time when the old ones have been generations in forming.

Cultural change is inevitable, and through change, the cultural elements that cause conflict and unhappiness within a society may be eliminated. Man can apply his knowledge to bring about changes when he knows that all his troubles are not born with his original nature, and this understanding comes by studying the total culture pattern of his society.

SUMMARY

Men everywhere live in groups, and the group relationships not only influence the development of the individual but also partly determine the social characteristics of the group.

The human environment into which man is born consists of organized groups of individuals—a society—and a particular way of life that has been developed by the society—a culture. The culture of a people is the sum total of both the material and nonmaterial aspects of the day-to-day living of the group. These material and nonmaterial aspects are interdependent.

Material culture includes the tangible man-made or man-utilized objects, while nonmaterial culture includes the intangible patterns of living—beliefs, attitudes, knowledge, customs, and habits. In any group of people, a great variety of common ways of doing things develops. These customs or group habits of action and thought are called folkways. Once generally accepted by the group, folkways are followed by the members and are passed on from generation to generation. When folkways are considered the only "right" ways of performing specific functions and are considered essential for the welfare of the group, they become mores, and society then exerts a force on the individual to conform to them.

All people—past and present—have a culture, and, though the cultures of groups vary, there is also a degree of cultural uniformity: the general likenesses in man's original nature and the general likenesses in the circumstances of man's life have led to ways of life

Both material and nonmaterial culture change. The rate of change of nonmaterial culture, however, usually is slower than that of material culture, because the members of the group consider their folkways and mores as standards of accepted behavior and are reluctant to make changes. Both social and natural factors influence cultural change. The social factors include discovery, invention, and diffusion—that is, the transfer of cultural elements from one society to another. Cultural elements are diffused by trade and commerce, war, missionary activities, exchange of students and teachers, advertising, organized propaganda, motion pictures, radio, travel, intermarriage, and so on. Natural factors bringing about cultural change include changes in climatic conditions, catastrophes, use of features of the physical environment—for example, the soil and forests—and the age, sex, and other physical traits of the people.

The acceptance of a new cultural element, whether it is an invented or borrowed one, depends upon how it is evaluated by the group. The evaluation is based upon two main criteria—usefulness and suitableness. Acceptance sometimes is based also upon prestige, either of the group from which the element comes or of those who present it to the society.

Cultural change in a society may bring some social tensions because of cultural lag, that is, a variation in the rate of change between different but closely related elements of culture. The seriousness of these social tensions depends primarily upon the importance of the change and upon the time it takes for an adjustment to take place, that is, for the lag to disappear.

The members of a society or of a group within a society tend to have a strong loyalty to their culture and tend to judge the culture of other societies or groups according to their own. This tendency is called ethnocentrism. On the other hand, cultural relativism is the practice of judging the culture patterns of other societies or groups according to the importance attached to them by their own members. Many people believe that this standard of evaluating other cultures is a means whereby certain tensions that often accompany ethnocentrism may be lessened.

QUESTIONS

1. Distinguish between material and nonmaterial culture.
2. Illustrate folkways and mores by giving examples of each from the

modern culture of the United States. Which of the two would be more resistant to change?

3. Distinguish between natural factors and social factors in social change. Give examples.
4. Distinguish between diffusion and invention in cultural change. Give examples of each.
5. What factors affect the amount and speed of the diffusion of culture?
6. Why are material items of culture often more readily accepted than nonmaterial?
7. Define cultural lag. Give illustrations of it. What can be done to eliminate it?
8. Distinguish between ethnocentrism and cultural relativism.
9. How may the study of culture aid the social reformer?

DISCUSSION

1. Is patriotism one of the mores? What events maintained its strong support in the United States after World War II?
2. Would the practices of racial segregation in the South be classified as folkways or mores? Give reasons for your answer.
3. What changes may result in the world social order as a result of atomic energy?
4. How may cultural lag be the source of social tension? In your judgment, is it the source of all social tension? Explain your answer.
5. What is the significance of ethnocentrism and of cultural relativism for a world organization such as the United Nations?
6. What are your suggestions as to ways of eliminating or reducing ethnocentrism? Of promoting cultural relativism?
7. What value is there in the cultural approach to the writing and study of history?

TERMS

Crusades: The military expeditions undertaken by the Christians of Europe in the eleventh, twelfth, and thirteenth centuries to recover the Holy Land from the Moslems.

Fist hatchet: An almond-shaped, flint tool-of-all-work. Man's earliest weapon, it is regarded as the first sign of civilization.

Megalith: A huge stone monument used for religious rites during the Neolithic Age (c.10,000–c.4,000 B.C.).

Neolithic man: Man of the Neolithic Age culture, which was characterized by the use of polished stone implements and by many cultural advances, such as pottery-making, domestication of animals, cultivation of grain, and weaving.

Paleolithic man: Man of the Paleolithic Age (perhaps 1,000,000 years ago), which preceded the Neolithic Age and which had a very simple culture pattern.

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MAN AND VALUES

The two preceding chapters set forth the main characteristics of man related to his individual abilities and traits and to his conditioning as a creature of his environment. The purpose of the present chapter is to continue the examination of the nature of man by singling out one general characteristic of humankind that has developed from a combination of characteristics presented in the two preceding chapters. This characteristic is the universal tendency for man to have opinions about—that is, to evaluate—what he knows or experiences.

To understand the group behavior of people, we must consider the social values involved in group relationships. It is the outward manifestation of values—the expression of values in action—that makes up one of the important elements in the study of society. In the opening section of this chapter, we shall consider the meaning, formation, and characteristics of values and, in the following section, explain the relationship between values and value systems and institutions in society. Finally, we shall discuss the role of the social scientist in dealing with values.

VALUES

A universal tendency of man is to have opinions about that which he knows and experiences, in other words, he makes judgments based on knowledge and experience. Such judgments are either factual judgments or value judgments, and it is necessary to distinguish between the two.

Factual Judgments

Factual judgments are statements which assert or deny that objects, events, and conditions have characteristics and qualities that

Paleolithic man: Man of the Paleolithic Age (perhaps 1,000,000 years ago), which preceded the Neolithic Age and which had a very simple culture pattern.

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Factual Judgments

Factual judgments are statements which assert or deny that objects, events, and conditions have characteristics and qualities that

can be verified by evidence and observation. Examples of factual judgments are: "Monogamy has been practiced in the United States since the beginning of the nation"; "The earth moves around the sun"; "The national government regulates interstate commerce." Such statements are based upon facts and their relationships, and objective evidence can be presented to substantiate the facts. The study of society, if it is a scientific study, is made up mostly of material in which facts and their relationships are presented and factual judgments are made by those engaged in the study.

Value Judgments

Before we describe value judgments, as contrasted with factual judgments, it is necessary to explain the meaning of the term *value*. There are two elements involved in a value—a situation in the environment which causes an experience and a judgment by the individual in his response to the experience. A value therefore may be defined as that relationship between a person and an environmental situation (an experience) which elicits a response of esteem—that is, a response which indicates worth or importance. The following statement illustrates the definition: "The education that I receive in college is good for me because it will broaden my understanding of the areas of knowledge." In this illustration, the experience is the "education that I receive," and the judgment is that the education is "good for me." The value here is enlightenment or knowledge, and the person making the judgment relates the nature of his experience to his interests and desires and appraises it as being "good."

Value judgments attribute to objects, events, and situations the quality of worth or comparative worth. Such terms as the following are usually used in making value judgments: "good," "bad," "desirable," "undesirable," "right," "wrong," "better," "best."

Value judgments are different from factual judgments in that they go beyond what can be verified by evidence and observation. They indicate what we approve or disapprove of, what we are interested in or not interested in, what we desire or do not desire. Examples of value judgments are: "Segregation of races in the public schools is undesirable"; "A law increasing social security benefits is good"; "Free enterprise is the best system for the economy of any country"; "It is the right policy to lower the voting age to eighteen years."

Closely related to the "right" and "wrong" types of value judgments are those which give expression to what "should be"—what

"ought to be." Using some of the illustrations above, such value judgments may be expressed as "A law increasing social security benefits should be enacted"; "The voting age in the United States ought to be lowered to eighteen years"; "Free enterprise ought to be protected and preserved in the economy of our country."

Since value judgments may be evaluations of values as well as of experiences, comparisons of values are often made. "Generosity is more desirable than thrift to promote the welfare of society" is an illustration of a value judgment expressing the relative worth of two values. Ethnocentrism is a source of value judgments, particularly by members of societies having different cultures. One usually thinks of his own cultural values as superior. Consequently, when the values of different cultures are compared, we may hear value judgments expressed in such statements as "The American way of life is better than the English way of life"; "The Chinese ought to adopt our system of government"; "The United States protects individual rights better than any other nation in the world."

Formation of Values

The response of a person to an environmental situation is determined by a number of factors. That is, the values one holds are the result of many influences.

An individual is born into a society which has its own sets of values. Some of these values, having influenced the society for a long period of time, have come to be accepted by almost all members. For example, in the United States such values as individualism, freedom of conscience, and equality before the law are values which are generally accepted because of tradition.

More important than the influence of the total society upon the acceptance of values by the individual is the influence of his group associations. His major values are derived from the family and other membership groups—play group, adolescent gang, church congregation, school class, club, labor union, factory associations, and so forth. The groups with which the individual associates himself psychologically—his reference groups—also influence his acceptance of values. Such groups may be a social club, college community, political party, professional organization, and either a higher or lower socioeconomic group. Whether it be the membership group or the reference group (often they are the same group), the individual finds that his groups' values must be accepted if he is to belong to the groups and attain a desired standing in them.

Inner drives contribute to the formation of values. Often these drives are related to reference-group association. For example, a strong desire for wealth, power, and prestige may cause a person of a low-income membership group to strive to attain these goals because of the worth (value) placed upon them by an upper-income reference group with which he psychologically associates himself.

The above factors in value formation are those which influence a person to accept his values without rational consideration. In many cases, the acceptance is automatic; his choice of values is somebody else's choice—members of his family, his intimate associates, members of his church, members of his society, and members of his reference group, if different from his membership group. In other words, in making his choice of values, a person is appraising his values emotionally rather than intellectually, and the appraisal is an integral part of selecting values.

At times and under some circumstances, a person chooses some of his values by rational selection. His experiences influence him to analyze a situation in his environment rationally and arrive at a response to that situation not on the basis of tradition, custom, or emotion, but as a result of "thinking it through." Generally this process involves the re-evaluation of his values. For example, suppose that John Smith has held the belief that recreation is superfluous and unessential—that is, that recreation is not of worth to the individual or to society. Smith moves to a section of a large city where juvenile delinquency is prevalent, and he and his neighbors have some of their property destroyed by a juvenile gang. At a neighborhood meeting held to plan action against further juvenile delinquency, one speaker advises that an organized recreational program for the youth of the neighborhood would help remedy the situation. Smith's first reaction to the proposal is negative, because of his attitude toward recreation in general. He supports a program of strict enforcement of peace and order by the police force. But he learns that this method has been tried in other communities without success, and that organized recreational programs in other communities have indeed reduced the rate of juvenile delinquency. He then reasons that there must be some value in recreation and supports a recreational program for his community. In this illustration, we see that an environmental situation evokes a response, and that by a rational process John Smith re-evaluates recreation. That is, at one time this value was rated low by Smith but came to be given a high rating on his scale of values.

Although, as we have previously stated, values are originally formed largely by general acceptance of the values held by the groups of which the person is a member and by emotional influences, the values of a person may be changed by new experiences, particularly by new group associations, and sometimes by catastrophes, tragedies, or other unusual occurrences.

A person is continuously realigning and re-evaluating his values; this process may be conscious or unconscious, rational or irrational. At any given time in a person's life, values are held according to a scale of preference. Some values are held so strongly that they are considered vital to the person's welfare and security; others are more superficial and are modified by new experiences. Within this scale of preference, shifting of positions of values takes place, and some values may be discarded entirely and new ones adopted.

For illustrative purposes, let us assume that a freshman upon entering college holds to the following scale of values in order of preference: knowledge, integrity, affection, wealth, power, respect, courtesy, open-mindedness, and prestige. We have noted that a person's values may change with new experiences, particularly with new group associations. In connection with his scale of values, imagine some hypothetical experiences of our freshman when he pledges a fraternity and becomes associated with this new group. The pledge receives some formal instruction in the values held by the members of the fraternity. Formal instruction is not the most effective method, however, for the pledge to learn the accepted group values; he learns them largely through example and indirect pressure. The pledge soon discovers that to become a member of the fraternity he must observe the customs of polite society and respect the rights of other persons. His values of respect and courtesy accordingly are shifted from low to high positions on his scale of values. Our pledge finds that he must not devote all of his time to studying, because he must take part in other activities, sometimes to the extent of neglecting his studies for a time. His value of knowledge accordingly is removed from first place on his scale of value preference to a lower position. Our pledge also realizes that his attitudes toward some social conditions, such as labor-management relations, racial segregation, and social welfare programs, are restricted and prejudiced in comparison with the attitudes of members of the fraternity. His attitudes begin to change when he recognizes other points of view than his own; thus the value of open-mindedness, which was low on his scale of values, is shifted to a

higher position. His fraternity brothers soon impress upon him that he must date girls of some sororities and not of other sororities; he is told that the status of the fraternity must be maintained. Wanting to be accepted by the group, the pledge's rating of prestige is lifted from last place to a higher position on his value scale. The reader may suggest other conditions of fraternity life which might cause our pledge to realign his scale of value preferences. Exactly what the scale of values is for any group, of course, depends upon the group.

The above illustration demonstrates the way in which new experiences through group association can influence the values which a person holds. Group influences through any new group association—preschool playmate group, school group, adolescent gang, labor union, business group, church group, social club, or neighborhood group—may bring about changes in a person's scale of value preferences.

It is true, of course, that some persons hold tenaciously to their alignment of values. Such persons are not accepted in groups whose values are different from their own; usually an individual who does not accept group values is considered "queer" or "eccentric" by the group.

An unusual event in a person's experience may cause him to change his values. A great tragedy or catastrophe may have such tremendous influence that a value or values once located high or low on the person's scale of value preference will be moved to a much lower or higher position or dropped altogether. A change of this nature may be illustrated by a businessman who placed the acquisition of wealth high on his scale of values. Among other reasons, he accumulated wealth to provide the "good things of life" for his family—his wife and only son. The father was determined to give his son every advantage and opportunity that wealth could provide. The son was kidnaped and killed by the kidnapers. This tragedy caused the father to re-evaluate the worth that he had placed on wealth, and he came to the conclusion that his great wealth had been the cause of the tragedy. He therefore determined to use his wealth to give underprivileged children some of the advantages he had hoped to give his son. The realignment of his scale of values would place generosity and well-being of others toward the top of the scale and acquisition of wealth for personal ambitions lower in the scale than it had been previously.

Because individuals react differently to environmental situations, no hard and fast rule holds for the formation of a person's values.

But because nearly all of us want to "belong" to the groups which we believe are the "right" groups, we are quite willing to adopt the values of the group in whatever order of preference those values may be rated. Therefore, the strongest influence, though not the only influence, in the formation of individual values is our experience in the groups with which we are associated.

Characteristics of Social Values

Our discussion of values has been related chiefly to the formation and nature of individual values. The remainder of the chapter is concerned primarily with a consideration of social values. Individuals make up a society, and the values held in common by the members of society are social values. It is true, of course, that not all members of society hold to the same values, and, where values do agree, the order of preference commonly differs. But a society is identified by the social values which are accepted and supported by a considerable number of members, particularly the leaders.

Although social values stem from individual values, the former are usually characterized by broad conceptions of worth and by crystallizations of value judgments to a greater extent than individual values. From a general point of view, social values are groups of related values and, as such, are referred to as *value systems*; value systems are the determining factors of the culture of one's society, and distinguish it from others. In the following discussion of the characteristics of social values, we shall note some of the differences and similarities between social values and individual values, and, by illustrations, explain the meaning of the former.

INCONSISTENCY OF SOCIAL VALUES The values held within any group are not always rationally consistent. Belief in change and progress may exist side by side with belief in the *status quo*. Thrift and generosity may be positive values in the same group. A reverence for women may exist alongside a belief that they are inferior. These clashing values may exist not only in the same group but also in the same individual. Since values are often based on emotions, rational inconsistency may be of little concern. No doubt a point is reached at which frustration occurs, but this problem goes far into questions concerning the nature of the mind and the emotions and is beyond the scope of a textbook in social science.

SLOW CHANGES IN SOCIAL VALUES Social values, like individual values, tend to change, but the changes in social values occur l

frequently and more slowly than changes in individual values. The changes in human relations from tribe to city-state to nation to United Nations, the changes in systems of thought and philosophies, the changes in the ways of making a living, all have had their impact on accepted values and have offered new values for old ones. But such changes have taken place over long periods of time represented by the ages of man's cultural development.

Each generation tends to regard the values accepted in existing social relationships as permanent social decisions. In the Western world, for instance, where industrialization has prevailed, the permanence, superiority, and suitability of industrial society are accepted. Other great cultures have come and gone; this fact does not alter faith in the endurance of an industrial society. Many persons would perhaps deny that they hold a deep attachment to the Machine Age, but questioning would reveal their faith in its constant and continuous improvement of social conditions and in its superiority to nonmechanized cultural ages.

Resistance to social change is a common characteristic of most societies, and a change in social values often comes only in an emergency situation. A threat to a democratic society causes it to marshal all available resources to meet the threat. To defend democracy, restraints are placed on individual freedom and rights, concentration of power in government is considered necessary, and freedom of private enterprise is curtailed. When the emergency has passed, social values may be modified, or at least not restored to their former positions on the scale of value preference; even new social values may be introduced by the emergency.

To question the worth of accepted values, however, is usually disturbing to society. When generations have accepted the values built upon autocracy, it is difficult for the society to accept values built upon democracy. The American may see the difficulty more easily by reversing the situation: by asking himself what persuasion would be required to cause him to give up democracy for autocracy or to give up economic freedom for communism.

CONFLICT OF SOCIAL VALUES Throughout the history of each society and of mankind in general, different social values have been thrown into conflict with one another. Much of the conflict has been the result of intolerance built up around values which have been held to tenaciously by members of different cultures and by groups within a society.

The intolerance that often results when opposing cultural values

come in contact with each other may be easily detected in such expressions as the following from a German newspaper during the period of World War I: "The Serbians are professional regicides, the Russians half animals, the French vengeful, vain coxcombs, the British barbarous highwaymen and world pirates in the hypocritical cloak of Christianity. . . ."¹

Nor is our own country free from this intolerance. One writer cites two well-known examples:²

(1) Northern radicals, after the Civil War, developed the theory that the Southern mind had been debased by slavery, that no one in the Confederacy could be trusted, and that rebels never changed.

(2) Persons who attacked Negroes in the Detroit race riots of 1943 apparently convinced themselves that Negroes deserved to be treated this way.

Within our society several examples of clashes between social values may be suggested, such as between private enterprise and state socialism, nationalism and internationalism, liberalism and conservatism, consumer interests and business practices, competition and co-operation, individual freedom and the powers of the state, and the welfare of the family and careers for women.

One's own values are thought superior, and others are expected to recognize this superiority. Consequently, members of differing groups find it hard, if not impossible, to avoid being angered by the discovery that this recognition is not given. This emotion is likely to increase the loyalty to one's own values, and evidence of this loyalty in turn increases the hostility, thus creating an ever-deepening pattern. The mingling of different values creates a stress and opposition that may lead to the breakdown of one or the other. Such a breakdown results in a period of disorder and a search for new or reconstructed values.

The reconstruction of the South after the Civil War is an example of such a period. The defeat of Japan in World War II and the establishment of a democratic Japanese constitution is another. Such periods of reconstruction, not pleasant ones for the group involved, demonstrate how vital values are to a social order. They also show the relationship of rate of change in the social order to adjustment in values by individuals living in the group. Sudden change may cause collapse of values, and the group will endeavor either to restore the previous values or to build others in their place.

¹ Quoted in Alexander Leighton, *The Governing of Men* (Princeton, N. J.: Princeton Univ. Press, 1946), p. 298.

² *Loc. cit.*

Sometimes, as seems to be true of some existing American Indian tribes, the integrating elements of acceptable values are not found, and more or less permanent purposelessness and apathy result.

VALUE SYSTEMS AND INSTITUTIONS

Value Systems

Some values in society are so closely related to one another that clusters of values may be said to exist. These clusters of related values are, again, value systems. For example, in the United States a number of related values support the belief in democracy. Among these are the following: worth of the individual and his importance in society, opportunity and right to participate in selection of public officials and in the formulation of public policy, allowance for differences of opinion on public issues, equality of economic opportunity, equality of justice before the law, social equality, and individual rights. Other clusters of related values make up other value systems in our society—for example, those related to the belief in power, wealth, respect, enlightenment, affection, well-being, and integrity. The total of all value systems determines the nature of and supports the total social order.

Value systems make it possible for people to recognize a common interest, and by them people come to attach meaning to life, to see life as made up of goals, and to find compensation for the tragedies and losses of life. Some value systems are held so strongly by members of society that they are considered to be vital to welfare and security. Others are more superficial and can be modified or replaced by education or new experiences. Although the most fundamental value systems may be changed over a course of time, the rate of change normally is extremely slow.

Institutions

Since value systems make it possible to see life as made up of goals, there are established means by which value systems are implemented to attain the goals of society to the greatest possible extent. The means by which society puts its value systems into action are social institutions (established patterns to fulfill the needs and to promote the goals of society). Almost any social institution will serve to illustrate how such an institution is sustained by the value system that serves as a basis for its existence. Our government is based on the value system which members of our society hold in their belief in democracy. To implement this value system, the in-

THE SOCIAL ORDER

The Expression of All Value Systems
and Institutions in Society

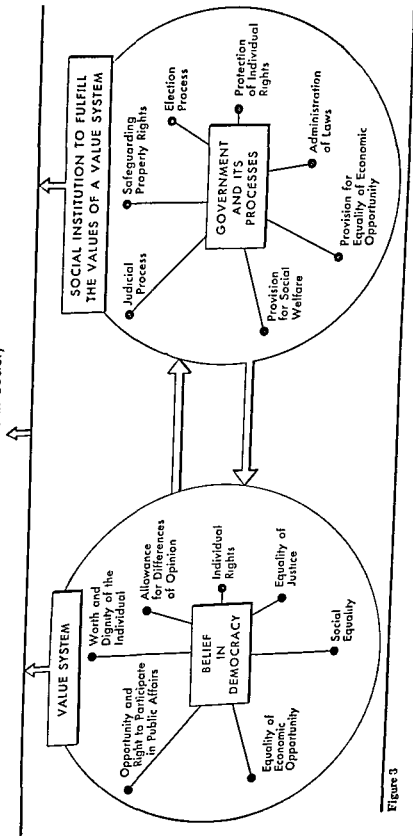


Figure 3

stitution of government fulfills with its many processes the needs and promotes the goals of society as expressed in the value system. For example, the election process gives the satisfying experience of participating in choosing public officials and in determining public policy, and it permits expression of differences of opinion on public issues through political parties. The worth and dignity of the individual is recognized and upheld by the judicial process and by the recognition and protection of individual rights by the government. Through legislation and judicial interpretation of laws, equality of opportunity is recognized and equal protection under the law is provided.

A social unity develops around the democratic government, and the government is woven into the social structure. Government and society become mutually self-supporting. Their characteristics blend, and the characteristics of society will be observed in the government.

The relation between a value system and its constituent social institution is a two-way one. We have seen that a value system is implemented by an institution. The institution in turn strengthens and modifies the value system, and probably even creates new values within the cluster of the value system. Continuing with our example of the democratic government in the United States and the value system which supports it, it may be noted that the value of participating in public affairs has been strengthened by governmental processes. In the beginning of our government, only a few adult white males could qualify for voting under the then existing property-holding and tax-paying qualifications. Gradually these qualifications were eliminated and almost all adult white male citizens could participate in voting. The right of suffrage was later extended to women and nonwhites. At present, almost all adult citizens enjoy the right to vote and hold public office. The opportunity to participate in public affairs has also been extended by the initiative and referendum.

As value systems and their constituent institutions develop in society, they contribute to the support and unity of the social order. Traditions and customs are strengthened, and, with social change, new values and institutions are formed. Value systems are the unifying principles which underlie institutions, and institutions implement actions expressing values.

The above diagram has its limitations, but it does illustrate the relationship among a value system, a social institution, and the

total social order. Naturally, there are other social institutions established to carry out the other value systems in society. For example, there are schools, which institutionalize the values of enlightenment; churches, which institutionalize the values of morality; marriage, which institutionalizes the values of the family; and many other institutions which institutionalize the values that caused them to be established. Social institutions carry into action the whole complex of value systems supporting the social order. Indeed, the social order is actually only the sum total of values as expressed in institutions.³

THE SOCIAL SCIENTIST AND VALUES

In the consideration of values and value systems in society, an important question is "What is the concern of the social scientist in the study of values and value systems?"

Factual Analysis of Values

In the study of social relationships, the social scientist has a primary responsibility to provide a correct picture of what exists in society. A great many factual items build up such a study. Such facts concern physical objects and structures, social institutions, events, ideas, and values. Placing these facts in their broad patterns and generalizing about them make possible the construction of systematic subject matter.

Although values are not as obvious as some other social facts, such as laws, policies, and programs, nevertheless they constitute social facts in the study of society, because they are the basis for these more obvious social processes which support the social order. The actions of members of society arising from values furnish the means of studying values as facts. In the United States, for example, education as training for a trade or profession is held to be of worth, because it is believed that such training enables a person to earn a higher income and acquire more social prestige than one who has not had the benefit of such training. This value is implemented by society in its support through public funds of trade schools and colleges and universities providing training in technical and profes-

³ In theory, this fact would be expressed graphically, by means of a chart. Such a chart would be so complicated, however, as to be useless.

sional fields. Thus, as values appear in social relationships, they are expressed and can be determined—they are social facts.

Being so fundamental to the existence of social institutions, value systems too must be described as nearly as possible in realistic, factual terms. For example, the value system based upon the belief in democracy may be examined, compared in different settings, and compared with nondemocratic systems. Thus a value system is studied. The study does not proceed on the assumption that democracy is universally the "best" system or that it should be developed everywhere.

This kind of study examines the alternative value systems, and a factual treatment of them is possible because values are manifested in social institutions and social relationships. In other words, values tend to become a part of external social science. For example, ingrained in the family are values and purposes—a basic unit for society, procreation and rearing of offspring, personality development—which make it an enduring institution. These values are not concealed within the personalities of the members of the family but are a matter of expression and record. The written constitution of a nation also represents a crystallization of social values (as they are rated at the time the constitution is framed) to be upheld by defining and limiting the powers of government.

The social scientist therefore pursues the scientific method (described in Chapter 1) in order to analyze values as integral facts in describing society in its various aspects—the causes, events, and results of social relationships.

Contributions to Rational Policy Decisions

AVOIDANCE OF PROPAGANDIST AND REFORMIST METHODS In fulfilling his responsibility of describing and analyzing values factually and objectively, the social scientist is careful to avoid the role of propagandist or reformer. The propagandist advocates propositions and advances social schemes which almost always depart from existent facts. Changes to make the actual situations fit the proposed schemes are therefore advocated. The values of two or more alternative systems are compared, and one is advocated. Often, on the other hand, the propagandist tries to show that an existing situation is the "best" of all possible alternatives. In the propagandist's methods, a conscious promotion of a value or value system takes place, with the object of strengthening or weakening a value or value system as a prelude to action or inaction.

Many reformers function much like propagandists. In some re-

spects, however, there are often differences between them. The reformer always advocates change; he is dissatisfied with existing conditions. His attack is directed toward some of the values held by society, and with crusading zeal he uses both factual and value judgments to extol the virtues of the values that "ought to be" adopted, trying either to force them on society or to persuade society that they should be adopted. In the methods used by most propagandists, rational objectivity is forsaken, and irrationality and personal motive serve as motivating forces—that is, the value judgments of propagandists often are unscientific and subjective. The reformer may use the same methods as the propagandist but may also use facts and rational, objective arguments to influence society to adopt his proposed reforms.

The methods of propagandists and reformers in analyzing social conditions and teaching about society often do not give to the citizen and the student factual, verifiable data from which to draw conclusions; nor do they present, in an unbiased manner, alternative values from which a rational choice may be made. One of the requirements of citizens in arriving at sound judgments on social issues and of students in studying social science material is the development of ability to distinguish between that which "makes a case" and that which presents facts in a neutral manner.

ROLE OF THE SOCIAL SCIENTIST We have said that one of the responsibilities of the social scientist is to analyze values factually and to describe social relationships in an objective, neutral manner; he does not use the methods of the propagandists and reformers. If we were to conclude our discussion here, we would be saying that the only role of the social scientist is that of analyzing facts and their relationships in order to present a clear-cut, objective description of social relationships. This is one of the main tasks of the social scientist, but if he goes no further, his work will be of limited worth to the citizen or student.

Basically, the acquisition of knowledge is for the purpose of action and control; therefore, the study of social relationships has also the purpose of so directing social processes as to achieve desired social values. What the social values may be is determined by the members of society or the group; by enlightenment they are better able to understand conditions as they exist and to discover what may be done to change conditions so as to implement the desired values.

The social scientist makes his contribution to the achievement of

the values of society by presenting verifiable data about social relationships and, on the basis of the data, drawing conclusions and indicating possible effects of alternative courses of action. The social scientist does not arbitrarily indicate which conclusions are the soundest or which results are the "best"; in other words, he does not determine what "ought to be." This decision is one for the citizens to make. From the information supplied by the social scientist, citizens of a nation or a community or members of a group will be able to make sounder judgments than if they have only the unscientific information supplied by the propagandist or reformer who is "making a case."

For illustrative purposes, suppose that a city has experienced a wave of crime, vice, and delinquency. The city officials call in a group of competent social scientists to survey conditions in an attempt to determine the causes of the problem. On the basis of data from police, court, family-desertion, vice, and other records, the social scientists find that a large slum area in the city contributes the greatest percentage of offenders. They next survey the living conditions—housing, sanitation facilities, utility services—in the slum area and compare these conditions with national standards worked out by specialists in this field. They find the amount of square feet of living space per person, sanitary facilities, garbage disposal, lighting, and other conditions far below the recommended national standards. The social scientists then present their findings to the city officials, and in their report draw certain conclusions from their data and indicate possible results of the alternative courses of action which the city might take. The social scientists do not scold the city officials, call names, or blame anyone for the existing conditions. It would be unscientific for them to say that those responsible for the conditions in the slum area were scoundrels, that city officials were incompetent, or that the citizens were apathetic or ignorant. In other words, they do not use the methods of the propagandist or the reformer. Neither do the social scientists use their report as a document for directing action. The report presents evidence based on scientific methods of determining facts. The decision of what "ought to be" done about the problem is one for the citizens of the community to make, that is, it is the citizens who must determine what the social values should be in any action that may be taken.

The possibility of the rational selection of values is determined by the knowledge available for making the choice. Where knowl-

edge is insufficient or lacking, any action taken is to that extent a risk. The role of the social scientist is not that of deciding social policy, but rather that of presenting appropriate knowledge, which is the necessary requirement for satisfactory value judgments.

SUMMARY

A fundamental part of every society is its systems of values. Group relationships are based to a large extent on values and value systems, which lead to the establishment of institutions to fulfill and protect values. Individuals form values by evaluating their experiences; they make value judgments, which attribute to objects, events, and situations the quality of worth or comparative worth. Value judgments are usually expressed in terms denoting desirability, goodness, correctness, or their opposites, such as "should be," "ought to be," and "ought not to be."

The selection of values by an individual is usually made on the basis of traditions, experiences, inner drives, and rational thinking. One of the outstanding influences causing a person to choose his values is his association with membership groups and reference groups. A person's values are held on a scale of preference; some values are judged to be vital and necessary to individual and social welfare, whereas others are held superficial and transitory. Changes in the preferential scale of values occur through changes in group associations, by rational re-evaluation, and by unusual occurrences in a person's experiences. These same experiences may also cause a person to accept new values and discard old ones.

Social values are the common values held by members of society. Certain characteristics help to explain the nature of social values. First, social values are not always rationally consistent (this is also true of individual values). Second, social values are slow to change; they tend to be accepted as social decisions by persons living under them. Third, social values often conflict, because different values, often opposite in nature, are constantly being thrown in contact with one another.

Value systems define common interests, needs, and goals of society and are implemented by social institutions established to fulfill the needs and goals of society. In turn, actions expressed through institutions strengthen and sometimes modify value systems. The whole complex of value systems and institutions supports the total social order, which is the ultimate expression of values and institutions.

One of the main responsibilities of the social scientist in the study of social relationships is to present a factual analysis of values. He makes a scientific study of facts and their relationships to describe conditions in society. Included in the study are values and value systems as social facts. The social scientist does not use the methods of the propagandist or the reformer, who promote certain values and sometimes make value judgments which cannot be verified by scientific data.

The chief contribution of the social scientist in the consideration of values and value systems in society is to draw conclusions and indicate alternative courses of action based upon his factual analysis of social relationships. He does not decide which conclusions are "best" and what course of action "ought to be" followed. These decisions are in the nature of policy and are made by the citizens of the society. The contribution of the social scientist helps citizens become enlightened regarding social relationships and make sound value judgments on the basis of verifiable facts, rather than on the basis of "making-a-case" arguments presented by the propagandist and reformer.

QUESTIONS

1. Distinguish between factual judgments and value judgments.
2. What are the various factors which influence a person in his choice of values?
3. What causes a person to re-evaluate his values?
4. What constitutes the basis for the value systems of any culture?
5. What is the relation between value systems and social institutions?
6. Why cannot the social scientist simply refuse to deal with values?
7. What role does the social scientist play in the investigation and study of social relationships?

DISCUSSION

1. In what way, if at all, do value judgments enter into the work of the natural scientist?
2. What distinction can be made between education and propaganda? Justify the use or exclusion of propaganda in an educational program.
3. "The primary obligation of a social science teacher is neutrality in the classroom." Do you agree or disagree with this statement? Why?
4. "If society is to take advantage of the contributions of social science, a requirement is that the knowledge supplied be not only available but also socially acceptable." What is the significance of this statement?

5. To what extent is a world community possible? Is there a function for the social scientist in creating such a community? Explain your answer.

TERMS

Assumption: Any proposition taken for granted.

Initiative: The process by which a certain percentage of the voters propose, by petition, a law or constitutional amendment for action by the legislature or for decision at the polls, or both.

Irrational: Not founded upon or stemming from reason or logic.

Reference group: A group in society to which a person psychologically attaches himself, he may or may not be a member of the group.

Referendum: The process of referring any legislative measure to the voters for their decision.

A value: Relationship between a person and an environmental situation (an experience) which elicits a response of esteem—that is, a response which indicates worth or importance.

Value judgment: The conclusion or decision one makes about the worth or comparative worth of an environmental situation—that is, an experience.

Value system: A cluster or group of related values supporting a general belief, assumption, or concept held by a society.

SELECTED READINGS

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PART II *Some Aspects of Society*

In Part II of this book, certain characteristics of society in the United States have been selected for study. Not all of the institutions and social processes which make up these characteristics could be included in any textbook of reasonable size. Therefore, those have been selected with which social science is directly concerned. Some other social relationships, related more directly to the field of humanities and stressing the aesthetic in social living, are not included.

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5 THE FAMILY

Throughout the world, the family is often called "the basic unit," or "the fundamental group," or "the most important characteristic" of society. Such descriptions would seem to be justified, since all societies contain a family group of some type. Anthropologists and sociologists are not in complete agreement about a definition of the family, because a group which one society calls a family may not have the membership to be so defined in another society. For our discussion, the family is defined as a mother and father and their children living together, and the emphasis is upon the modern family in the United States.

BASIC INSTITUTIONS RELATED TO THE FAMILY

Dating, Courtship, and Marriage

In the United States, certain institutions are closely related to the family, and a knowledge of some of their basic characteristics furnishes a background for understanding the family itself. One of these institutions is dating. A date is a prearranged, relatively brief, male-female companionship that usually involves participation in a social event. A recent practice in the United States, dating is not widespread among the societies of the world. A distinguishing characteristic of dating is that no commitment to future obligation or to a permanent association exists. (In contrast, a half-century ago "going together" two or three times was interpreted as an indication of serious intent to marry.) Dating gives individuals an opportunity to explore personalities among the opposite sex and to become familiar with the folkways and mores surrounding social activities. Learning such behavior patterns as the male's walking next to the curb and the female's entering buildings first may seem unimportant, but failure to conform to accepted patterns in general may mean

social ostracism and a warped personality for the nonconformist.

Dating is the first step in a series leading to the establishment of a family. Courtship, the second step, is a continuing and close association between persons who have marriage as their goal. During courtship, temperament, common interests, and ideals can be thoroughly compared. In a sense, courtship is a period for "testing" the compatibility of the couple. An engagement is an open avowal that the "testing" period has been successfully passed and that marriage is imminent.

Marriage is the union of two or more persons of opposite sex, with the approval of society. Society regards this male-female association as essential to its welfare, and in all societies regulations regarding marriage have been established. These regulations exist to protect the three basic functions of marriage in society. First, marriage is a way in which society controls the expression of the sex drive. Since the sex drive is powerful, if unrestrained it may become a source of social conflict. Second, marriage assures the reproduction of the group. Third, marriage is a means by which society can fix the responsibility for children upon specific persons. This concern for children ties in closely with the group desire for self-perpetuation. Marriage serves these basic functions in all societies.

Forms of Marriage

Although the basic functions of marriage are the same in all societies, different forms of marriage are found among different peoples. These forms are usually classified under two major titles—monogamy (marriage with one person at a time) and polygamy (the practice of having a number of wives or husbands at one time). Monogamy is universal and is found even in societies where another form of marriage also is sanctioned. The nearly equal sex ratio in most areas of the world and the economic advantages of having only one mate account in part for the widespread practice of this form of marriage. In addition, some societies favor monogamy because the responsibility for child care is easier to determine if there is but one husband and one wife. Polygamy has two subclassifications—polygyny and polyandry. Where polygyny (marriage of one man to more than one woman at the same time) exists, a cultural factor such as war or an environmental condition such as disease may have reduced the number of men in relation to the number of women. Polyandry (marriage of one woman to more than one man at the same time) probably developed because generally harsh environ-

mental conditions sometimes required more than one man's efforts to provide a living for a woman and her children.

Group Control of Marriage

Since all societies wish to fulfill the three basic functions of marriage, many rules governing this institution have been made. One or both of two general rules—exogamy and endogamy—prevail in all societies. Exogamy is the marriage or selection of a mate outside of the group. The meaning of "outside of the group" varies among societies. Some groups merely insist that a person marry outside of the family, and others require that a mate be selected from a geographically distant society. Endogamy is the marriage or selection of a mate within the group. In some societies, both exogamous and endogamous rules may exist. In many of the States¹ in the United States, for example, a member of the Caucasoid race must marry within that race (endogamy) but outside the family (exogamy). Folkways and mores sometimes tend to support endogamy for certain groups—for example, marriage within the same religious faith or within the same income level. Both endogamy and exogamy are based upon the belief that these rules will help assure the survival of the group.

The laws governing marriage in the United States cover such matters as the age, kinship, race, and health of the couple. These controls differ among the various States. Some States set the legal age for marriage without consent of parents at 18 years and others at 21 years. Below these ages parental consent must be given, but even with parental consent there is an age restriction in all States. Most States do not permit women to marry, even with parental consent, if they are under 16 years, but in some States this age restriction is set at 14 or 15 years, and in one State (Mississippi) it is 12 years. Most States do not permit men to marry, even with parental consent, if they are under 18, but in some States this age restriction is set at 17, 16, 15, or 14 years. Some States require blood tests and some do not. Miscegenation (marriage between persons of different race) is prohibited in more than half of the States, and almost all of the States prohibit marriage of a feeble-minded person.

Regulations also control the marriage contract. While a marriage contract is in effect, other marriage contracts made by either party

¹ In this text, the word "State" when capitalized refers to one of the States of the United States of America. Otherwise, "state" refers to an inhabited territory possessing self-government.

are void. Furthermore, the marital contract cannot be broken at the pleasure of the individuals involved; the State must agree to the dissolution. State regulations regarding the breaking of the marriage contract (divorce) and remarriage after divorce vary to a considerable degree. New York allows only one ground for divorce, whereas some States accept ten or more. The period of residence within a State that must precede a divorce also varies among States, ranging from six weeks in Nevada and Idaho to five years in Massachusetts. A majority of the States, however, require a one-year residence period. In some States, a waiting period must precede remarriage after divorce; in others, court consent must be obtained; and in some, there are no restrictions on remarriage. Although marriage is closely regulated by government, this regulation has not been centralized under the control of the national government.

Factors in Marriage Success and Failure

PERSONALITY TRAITS AND BACKGROUND In recent years, efforts have been made to discover the causes for successful and unsuccessful marriages. Research studies have attempted to define the personality traits and environmental conditions associated with happy and unhappy marriages. Some of the female traits which have been found to contribute to happy marriages are kindly attitude, generous disposition, co-operativeness, and thrift. Some of the male traits are emotional stability, co-operativeness, slight extroversion, and conservatism. Actually, the studies have revealed that those persons who are unhappy in marriage have personality traits tending to make them unhappy in any association. Apparently the poorly adjusted person makes a poor risk in marriage.

Since personality traits tend to affect married life, an analysis of the background from which these traits arise is important to an understanding of conditions which make for successful marriages. There is considerable agreement in the results of studies of environmental elements conducive to the kind of personality most likely to contribute to a happy marriage. Lewis M. Terman found the following cultural factors important to successful marriage: ²

- (1) Happiness of parents' marriage
- (2) Childhood happiness
- (3) Lack of conflict with mother
- (4) Home discipline firm but not harsh

² Lewis M. Terman, *Psychological Factors in Marital Happiness* (New York: McGraw-Hill Book Co., Inc., 1938), pp. 142-166.

- (5) Strong attachment to mother
- (6) Strong attachment to father
- (7) Lack of conflict with father
- (8) Parental frankness about sex
- (9) Infrequency and mildness of childhood punishment
- (10) Premarital attitude free from disgust or aversion toward sex

These factors were derived as statistical averages and do not apply, of course, in all individual cases. But the unanimity of results among researchers suggests that both the personality traits and the background of a prospective mate should be considered with some care. The strength of their emotions, however, frequently interferes with an objective and mature analysis of personality or background by the two persons contemplating marriage.

CONFLICTING SOCIAL ATTITUDES The success or failure of a marriage sometimes is affected by conflicting social attitudes toward marriage, as well as by personality traits and the background of the individuals who marry. The conflict between the romantic and the realistic attitudes toward the substance of marriage is one example. One part of society urges young persons to wander about in a pink cloud of dreams during the courtship and engagement periods. Movies, magazines, television, and popular songs emphasize that it is "love, love, love" that matters in marriage. Romanticism stresses that all differences in education, economic status, and personality can be overcome by love and that an analysis of economic prospects, family background, and personality traits of a life companion is not only unnecessary but undesirable. At the same time, such institutions as the school, church, and welfare and marriage counseling agencies emphasize that marriage is a serious step in life. These institutions, while recognizing that love plays an important part in marriage, hold that an individual should be given guidance in selecting a mate so that he will be prepared for the realities of married life. Confronted by these opposing attitudes, many young persons become confused, and choosing a suitable mate becomes difficult.

The conflicting attitudes toward sex also tend to confuse young persons contemplating marriage. The mores of society call for suppression of the sex drive before marriage, but at the same time society allows indiscriminate stimulation of that drive. From licentious pulp magazines, suggestive movies, and store windows and roadside billboards, sex is flaunted with little restraint. This motivation may influence confused youths to marry hurriedly and

them equality in family decisions. All of these influences led to the development of democratic family control.

THE DEMOCRATIC FAMILY The democratic family is one in which the control is shared by the mother, father, and children. This type of family control is found mainly in the United States. The spread of democracy throughout many institutions in society, the doctrine of individual freedom, and the spirit of rugged individualism have influenced its development.

The man and woman in the democratic family have been allowed freedom in the choice of each other as mates. The choice may be based on romance, companionship, temperamental compatibility, or common interests. Another characteristic of the democratic family is that the newly married couple is relatively, if not completely, independent of the parents of both husband and wife. Both of these characteristics contribute to a third, the characteristic most important in identifying the democratic form of family control. This is the equality and co-operation of husband and wife in making decisions. Often also the children are encouraged to make their own decisions and are consulted about matters affecting the family. These discussions involve issues ranging from the trivial to the momentous. Quite often majority decision rules on whether to buy a new car or house, where to take a vacation, or what kind of meat to have for dinner. Indeed, the stress upon the place of children in the democratic family has led some observers to call the family in the United States "child-centered."

Functions of the Family

As a social institution, the family has certain functions which are beneficial both to society and to the individual. We shall discuss the biological function, the economic function, the function of the family in the development of personality, and the function of providing intimate companionship and affection. In the twentieth century, several changes have taken place in the performance of these traditional functions of the family.

BIOLOGICAL Briefly, the biological function of the family is the procreation and rearing of offspring. The human infant is completely helpless at birth, and a long period of care is necessary before it reaches maturity. Child-care makes for a continuous mother-father-child relationship, without which the chances for the survival of the

group would be reduced. Marriage fixes the responsibility for child-care, and the family functions to give that care.

The increased industrialization of society has affected the biological function of the family. Less than a century ago children were considered an economic asset to the family, since their work contributed to the production of many of the family necessities. The many labor-saving devices now made available through industrial processes have tended to lessen the importance of having numerous children to help provide family necessities. In the city, indeed, children today are sometimes regarded as an economic liability rather than an asset. Large families usually necessitate large living quarters, and the rent or the price of a house ordinarily increases with its size, an additional expense which city families cannot afford. Even in the rural areas, large families have become less an economic asset with the increased use of farm machinery. Industrialization has also made available a vast number and variety of want-satisfying goods. The cost of such items as automobiles, radios, and television sets often must be set against the cost of having children. Many married couples cannot afford both. Smaller families and the increased demand for modern conveniences and luxuries seem to indicate that children are often a second choice.

The practice of birth control, or planned parenthood, has also affected the biological function of the family. The legal status of birth control is not altogether clear at the present time. National laws regarding the shipment of birth-control devices in interstate commerce and the use of the postal system to disseminate birth-control information have been somewhat liberalized since the early part of the twentieth century. Furthermore, most of the States have legalized the practice of birth control when a question of health is involved. Social attitudes toward birth control, however, vary considerably. Some religious groups have given qualified approval and others have opposed it.

The religious arguments against birth control are often intertwined with claims about the psychological effects upon the individual. For example, interference with "the sacred aspects of life" has been alleged to be the cause of mental stress and fear complexes. The opponents of planned parenthood also base their arguments upon broad social changes which they contend are caused by the practice of birth control. For example, they say that the upper-income families tend to practice birth control more than lower-income families. Thus they feel that those families who are most able economically

to provide and care for children have fewer children. The opponents also maintain that if married couples do not have children, marriage may lose its importance as a step leading to a family. A childless marriage, they argue, tends to make marriage an end in itself, rather than a means of serving society by assuring the reproduction of the group.

The arguments in favor of birth control are also related to several aspects of life. It has been maintained that the family may achieve greater security if parenthood is planned. Savings may accrue and spending may be planned. In case of economic disaster, such as loss of a job, serious illness, or a damage suit, a couple can postpone having children until a more opportune time. Improved child-care with fewer children has also been advanced as an argument in favor of birth control. It is pointed out that each child can receive the individual attention and education necessary for his best development. Furthermore, the proponents of birth control contend, when the number of children is controlled, greater consideration for the mother's health is possible, and the mother has freedom for a variety of activities. Finally, the supporters of birth control point out that it allows postponement of children if a marriage shows signs of breaking up.

ECONOMIC Certain fundamental changes have taken place in the economic function of the family as society has become increasingly industrialized. In preindustrial society, the family was largely self-sufficient, producing much of the goods necessary to meet its wants. Children, as well as adults, were assigned certain tasks to perform, and contributed to the economic functioning of the family. Thus the family was both a producing and a consuming unit.

In industrial society, the family is still an important economic unit but is less important as a *producing* unit than it was in pre-industrial times. The emphasis at present is on the importance of the family as a consumer unit. Many economic activities formerly carried on by members of the family are now performed by outside agencies. Such producing units as bakeries, laundries, canneries, clothing factories, and restaurants now supply many of the economic wants of the family.

Those economic functions which have remained in the home are less difficult and require less time. The drudgery in housework has been almost eliminated by such modern conveniences as vacuum

cleaners, electric washing machines, and efficient cleansing compounds. Gas and electric stoves have made the preparation of meals a comparatively simple task. In general, the adult members of the family devote less time and effort to economic functions within the home, and children have few, if any, tasks to perform for the economic welfare of the family.

PERSONALITY DEVELOPMENT The child learns his first habits and attitudes within the family. Thus the family is important in the formation of the individual's personality. In the early years of a person's life, the family defines his likes, dislikes, desires, wishes, and ambitions. These attitudes are persistent, because they are usually developed by repetition and without frequent interferences or lapses of training. Their permanence is also increased by intimacy and sentimental relationships during the time they are acquired. The acceptance or rejection of the individual in society depends to a considerable extent upon the personality traits he has learned within the family. The child who is a "show-off" or a "baby" may be the center of attention when with his family, but he may find that these traits are not attractive to other groups in society. Since many fundamental personality traits are acquired in the early years of life, the child needs to have as nearly a normal family life as possible. Insecurity, cruel treatment, or parental absenteeism may have a permanent effect upon his personality.

The significance of parental absenteeism is the same with both mother and father, since both parents need proper knowledge of the changing needs of their children. Furthermore, the children will not have an opportunity to learn how a father or a mother behaves in the home if there is no father or mother present. For the most part, such learning is informal, but it is knowledge that is helpful to individuals when they establish homes of their own. When a person who has had little opportunity to learn family roles establishes a home of his own, he sometimes finds that he is unable to live up to the expectations of his mate.

Although the child may be the victim of social and economic developments affecting the family's function in personality development, society has made some provision for taking care of this deficiency. At present, schools, both public and private, are becoming concerned with the personality development of the pupil, as well as with his intellectual development. As will be noted in the

next chapter, the function of the school is a residual one; that is, when other social agencies do not provide for any particular type of training of the youth, the school makes provisions for it.

AFFECTIONAL Nearly all functions of the family have undergone change during the last hundred years. Sociologists and other students of the family have called attention to the "declining functions of the family." We have seen that the biological function is that of procreation of offspring. The family still is, and probably will continue to be, the reproducing agency of society. Nevertheless, a conflict often exists between society's desire to provide adequate reproduction and the desire of married persons to limit the size of their families. Economically, fundamental changes have occurred in that the family is no longer the productive unit that it was in the past. Factories and other producing enterprises now carry on many of the economic activities formerly performed by the family. Even in the personality development of the child, society has made some provision to supply the deficiencies of the modern family.

Although most of the functions of the family have "declined," one function still remains and probably has become intensified because of the social changes which have affected the other functions. Intimate companionship and affection are still provided by the family. The affectional function manifests itself in the care and concern that members of the family have for one another in time of illness, misfortune, and general uncertainty as to what the future may have in store for them. This affection also takes such commonplace forms as providing meals and everyday comforts, and general watchfulness over the physical welfare of each member of the family by the others.

In large part, the affectional function is a psychological one. As society becomes increasingly complex and social contacts more and more impersonal, the need becomes greater for the individual to have intimate and personal recognition and sympathetic response. With the increase in secondary and impersonal contacts, the family remains the social agency most capable of supplying affection and understanding. It is from the family that intimate response will most likely be forthcoming. With his family the individual can "let his hair down"—he can be himself and be understood. The family provides a place of escape from the pressures and superficiality of modern life. When it functions normally, the family is the social

institution which, more than any other, can provide emotional security.

The disrupting conditions of the period during and after World War II apparently sharpened awareness of the need for the emotional security found in family relationships. During this period there was a decided increase in the marriage rate. Many single draftees and many men already in the armed services married before going overseas in order to have some definite personal ties through the years away from home. Often family life formed before the war was interrupted by induction of the husband and father into the armed services. These married men in service looked to their families as the only stable contact in a world at war, and to many of them peace meant first of all a return to their families. Family affection, always valued highly in the peacetime life of the United States, becomes in time of war almost the only connection between disruption and uncertainty and the emotional security of normal existence.

The State and the Family

Because the society of the United States has recognized the worth of the family as a social institution, government has enacted laws to protect and aid the family. Governmental action, however, is limited by the belief that many family matters are personal in nature and not of governmental concern, a belief strongly entrenched in the mores. Nevertheless, society, through government, safeguards the family in order that its basic functions may be fulfilled.

Provision for the economic security of the family by government takes many forms. The tax exemption the family receives on its income is of aid financially. Some States make another tax concession to the family by reducing the property tax of those families who own the homes in which they live. Such legislation is intended to increase both the stability and the security of the family. In recent years, the national government has aided the home builder or buyer by directly or indirectly providing loans. Under the "GI Bill of Rights," for example, the national government guaranteed a certain percentage of a loan and paid some of the interest when an ex-soldier needed financial aid to obtain a home. Certain laws prevent creditors from taking the entire earnings of the head of the family or from forcing the sale of the homestead of the family to obtain payment on debts. Other legislation protects the economic security of the family by preventing one mate from disposing of properties without

consent of the other. In many States, the signatures of both husband and wife are required whenever they sell their home.

The free public services provided for children are a direct economic aid to the family. Free schooling is provided in all States and free textbooks and lunches in a number of States. In some nations of the world, government has provided for payment of a certain sum of money to parents for each dependent child. The Canadian Family Allowance Act of 1945, for example, provides payments for all children of preschool age and for those attending school or receiving equivalent training up to 16 years of age. These payments are to be used exclusively to maintain, train, and educate the children.

Maltreatment of children is forbidden by laws in most nations of the world. Usually the laws stipulate that parents must provide a certain minimum care and must refrain from excessive punishment of the child. In the United States, for example, a State may force parents to obtain medical aid for a child despite any religious or other beliefs.

Most nations also have health programs for mothers and children. In the United States, the Social Security Act of 1935 gives financial aid to the States "for extending and improving services for promoting the health of mothers and children and for locating, diagnosing, and treating crippled children." The child is further protected by provisions which give financial aid to families where the head of the family is dead, divorced, incapacitated, or missing. The purpose of the kinds of aid given by the Social Security Act is, of course, to provide and maintain for children a home life that is as nearly normal as possible.

During the Industrial Revolution, in the eighteenth century, little attention was paid to the effect that employment of children in the factories had upon the family. Children sometimes worked from 14 to 16 hours a day and had little opportunity for education, recreation, or family life. During the first half of the nineteenth century, reforms were legislated in England for the protection of employed children. Such reforms spread to other nations, and at present the laws in the United States reflect the belief that health and security for children lead to a better society. Every State has adopted a child-labor law. Applying to the employment of minors up to 16, 18, and occasionally even to 21 years of age, these laws cover such matters as length of workday and workweek, classification of dangerous occupations, employer certificates granting permission to employ minors, meal periods, night work, and school attendance.

In addition to State laws, there is national legislation regulating child labor. The Fair Labor Standards Act contains child-labor provisions which apply throughout the nation to all establishments producing goods for shipment in interstate or foreign commerce. A child-labor amendment to the Constitution was submitted to the States in 1924, but thus far it has not been ratified by enough States to make it a part of the Constitution.

Besides maintaining the home environment and protecting the health of children, child-labor laws prevent exploitation of youthful members of the laboring force and protect adult employees against competition from minors.

Family Disorganization

Family disorganization results from a number of causes. For example, desertion, death of one or both of the parents, and divorce are all causes of family disorganization in the United States. Both desertion and divorce have increased in the twentieth century. Accurate figures regarding desertions are not available, but estimates range from 75,000 to 100,000 annually. The prevalence of desertion is shown by the records of welfare agencies: about one-fourth of the relief payments go to women who have been deserted by their husbands. The number of desertions is not, however, as great as the number of divorces.

During the twentieth century, divorce has become a problem of growing concern to society, because the *divorce rate* has substantially increased. The change in the ratio of the number of divorces to the number of marriages indicates the upward trend in divorce. In 1900, there was about one divorce for every thirteen marriages; in 1950, this ratio was about one divorce for every four marriages. The rate of divorce (number of divorces per 1,000 population) also increased in the first half of the twentieth century—from 0.7 in 1900 to 2.6 in 1950.

The increase in divorce has been attributed to a number of conditions, no one of which is entirely responsible. One of the reasons for the increase may be a change in attitude: less stigma is attached to divorce than fifty years ago. Many people today believe that divorce is preferable to the continuation of a marriage under tensions which may be unbearable to the married couple. Nor does divorce now usually entail social ostracism, the threat of which in former times undoubtedly kept many couples yoked in a wedlock from which they would have been glad to escape. This changed climate

DIVORCE IN THE UNITED STATES

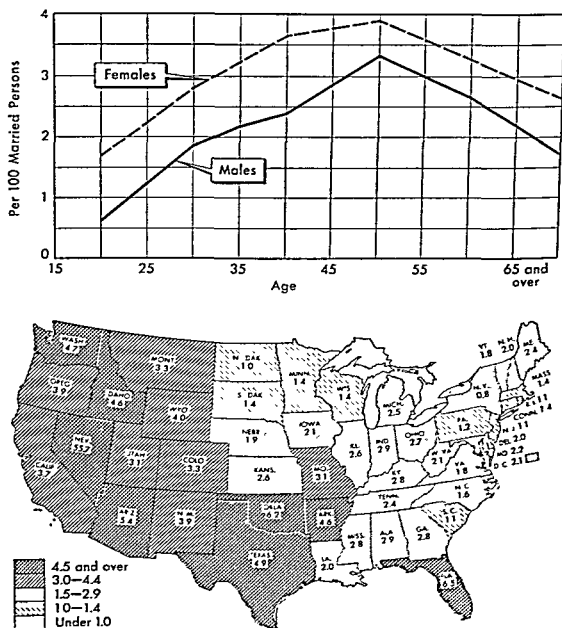


Figure 4. *Top.* Divorced persons per hundred married persons fourteen years old and over, by age and sex, 1951. *Bottom.* Divorces per thousand population, by States. (Sources, Bureau of the Census and Social Security Administration; adapted from Burgess and Locke, *The Family*, American Book Co., 1953)

of opinion also makes divorces less difficult to secure now than formerly.

The increase in the number of divorces has also been attributed to faulty education about marriage and the family. Because young people often gain almost all of their information about marriage and family life from such sources as the movies, radio soap operas, national advertising, and romantic stories, they come to picture married life as a continuous round of romance, good times, and entertainment. After marriage comes the realization that the daily routine of married life differs considerably from what it often seemed in the movies and cheap stories. Thus, meeting the problems of adjustment in marital living and the economic responsibilities of the family may involve a disillusionment leading to tensions and eventually to divorce.

Lack of family unity also contributes to the increase in the number of divorces. Family ties have been weakened by a number of conditions, some of which are closely related to social changes. For example, recreational activities are no longer as much a part of family life as they formerly were, particularly for the urban family. Such recreational facilities as tennis courts, movies, night clubs, and commercial sports draw the members of the family away from the home—often each to a different recreation. This loss of companionship during leisure time may lead to the lessening of affectional ties within the family, ties that are important to maintaining solidarity when normal family tensions develop. Consequently, family tensions may become so great that divorce seems to be the only solution to family misunderstandings.

The trend in society toward urbanization has also made it more difficult to establish family solidarity. In the nineteenth century, the average family lived on a farm or in a small community. The isolation of farm life, large families, and the economic interdependence of the family tended to develop common interests. The members not only worked together but also played together, and companionship tended to strengthen affectional ties among family members. The United States is no longer a predominantly rural society, and urbanization has affected family life. At present, about 60 per cent of the families are located in urban areas. In these areas, smaller families, few household tasks, outside interests, and employment of mother or wife outside the home all tend to lessen family ties.

The rural divorce rate is about one-half that of urban areas. This

difference would seem to be due in part to the closer ties usually characteristic of the rural family. It is true also that informal social controls, such as gossip and tradition, are stronger in rural areas than in large cities.

Some authorities contend that the small-sized family and childless marriage have contributed to the increase in divorce rate. They maintain that having any or more children in the family, with the resulting emphasis on rearing and bearing children, would strengthen the affectional ties of the family. Statistics on divorce indicate that this suggestion may be plausible—about 60 per cent of the divorces are granted to couples having no children and about 20 per cent to couples having only one child.

More than two-thirds of all divorces are granted to women. This does not mean that women are emotionally less stable than men, but merely that there are more legal grounds on which a wife can obtain a divorce. Furthermore, community opinion is more sympathetic toward a woman who has brought divorce proceedings against her husband than toward one who has proceedings brought against her.

The emotional stability of children affected by divorce is a problem of first importance. Most children in divorce cases are placed in custody of the mother. But whatever the decision, the child finds he must divide his loyalty, and under such conditions the chance for normal personality development is reduced. Proof of personality maladjustment resulting from broken homes is found in studies which show that about one-fourth of all juvenile delinquents come from homes in which one of the parents has deserted the family. Studies made by psychologists reveal also that couples who had unhappy parents are more likely than others to have an unhappy marriage—a difficult, vicious circle.

The freedom found in the democratic family may also at times become a threat to family life. Family objectives may not be clearly defined or mutually understood, and activity by one member may constitute a threat to the family which may be unrecognized by that member himself. For example, the wife who uses her freedom to play bridge excessively and the husband who feels free to engage in extramarital sex relations have both failed to grasp the fundamental functions of the family as defined by society.

THE FUTURE OF THE FAMILY

Leading scholars in family sociology are not in accord as to the future of the family in society. All agree that it is changing, but whereas some feel that this change is only within the normal expectations for any group transformation, others have gone to the extreme of contending that the family is on the road to complete disintegration.

No doubt the family has lost some of the functions which it had in earlier American culture. It no longer provides recreation, education, work, and worship for the individual to the extent that it once did. But there are strong indications that the family will continue to be one of the basic institutions in society. For one thing, marriage is still very popular. Obviously, the actual number of marriages increases with the increase in population and also with a rise in the number of divorces, since many divorced persons remarry. But, a greater percentage of the total population is married at present than in the past: of those persons fourteen years old and over, in 1951, 68 per cent were married, as compared with 60 per cent in 1940.

Another indication that the family is not a vanishing institution is the general attitude toward children. A family with children appears to be a highly desirable goal. Increasingly numerous petitions are made to child-adoption agencies, and long waiting lists for children are typical. The fact that the family has been growing smaller is not necessarily an indication that people care less for children. Emotional bonds between parents and children may be as strong in a small as in a large family. The sacrifices which parents are willing to make for the education of their children also indicate how highly children are regarded. Both the proportion of children in school and the length of time they spend in school are greater than at any other period in history. The concern of society for children is also reflected in the increase in health and recreational facilities. National and local funds have made possible the increase of playgrounds for children from about 1,300 in 1910 to more than 10,000 in 1950. Increasingly adult effort has been directed toward building such organizations as Boy and Girl Scouts and the 4-H Clubs.

The flexibility and persistence of the family have been proved throughout all times. In cultures other than that of the United

States, the family has continued despite changes and pressures as tremendous as those at present. The loss or change of some functions serves to emphasize the importance of those functions remaining. No other institution has supplanted the family in its function of giving affection and companionship to its members. Child care and reproduction have remained distinctly familial functions. The importance of the family in giving informal education and in building personality has not diminished. The people of the United States show no indication of wanting to "live alone and like it" or to live in a basic grouping with a structure different from that of the family.

SUMMARY

Family life in the United States rests upon three institutions—dating, courtship, and marriage—which contribute much to the success or failure of that life. Dating provides a wide acquaintance with social behavior patterns and with personalities. It is a less serious association than courtship. The courting couple contemplates marriage, and the intimacies and length of courtship lead to personality insights. Each person learns the other's interests, temperament, and ideals. Marriage—the union of two or more people of opposite sex—is regarded as essential by society to control the expression of the sex drive, assure the continuance of the group, and fix responsibility for the care of children.

Marriage is so strongly bound to basic cultural and environmental factors that different forms have developed throughout the world. Monogamy is the marriage of one man and one woman at a time, polygyny is a marriage involving plural wives, and polyandry a marriage with plural husbands. Since all societies support the functions of marriage, many rules or laws are made to regulate it. The members of the group may be required to marry within the group (endogamy) or outside the group (exogamy). In the United States, a variety of State laws govern the age, kinship, race, and health of persons about to marry.

Social scientists have made careful analyses of many marriages to determine the personality traits that make marriage a success. Once these traits were defined, the next step was to ascertain the environmental factors which had caused the growth of such traits. A list of ten of these factors, composed by Lewis M. Terman, includes items ranging from happiness of parents' marriage to a premarital attitude free from disgust or aversion toward sex. A broader cul-

tural factor influencing the success of marriage is the inconsistent attitude of society regarding the importance of romance.

Like marriage, the family is regulated, protected, and aided by the state. Economic security for the family is bolstered by income tax provisions and by property laws. Children are aided in education and protected from maltreatment and from harmful working conditions.

Despite all this help, family disorganization is sufficiently widespread in the United States to cause concern. Increase in the divorce rate is related to such conditions as (1) lack of or faulty education about marriage and the family, (2) weakening of family unity because of loss of certain family functions and because of the freedom among the members, (3) smaller-sized or childless families, and (4) less social stigma on divorced persons. The impact of divorce upon children may be serious, because they must divide their loyalty between mother and father.

A pessimistic view of the future of the family is held by some authorities. This viewpoint, however, is not substantiated by certain conditions in society. For example, a greater percentage of the population is now married than in the past, child-adoption agencies are overwhelmed with applications for children, and society is more concerned about the welfare of children than ever before.

QUESTIONS

1. What are the functions of dating and courtship?
2. What are the principal forms of marriage? What are the reasons for the development of each?
3. Why have all societies made a point of sanctioning marriage?
4. How do personality traits and the background of individuals affect the success or failure of marriage?
5. Summarize the elements of the romantic attitude toward marriage. Is there evidence that this attitude is becoming more prevalent or less so?
6. What are the three forms of family control? Why has the democratic form been prevalent in the United States?
7. To what extent can the basic functions of the family be taken over by other institutions?
8. Why are child-labor laws considered necessary by all States? Who would object to a national child-labor law? Why?
9. What evidence can be presented to prove that the family is a vanishing institution? Are the arguments on the other side stronger? What are they?

DISCUSSION

1. Should courtship be as closely controlled in the United States as it is in many other countries? In what ways do dating bureaus make use of the functions of courtship?
2. Does the blame for the insecurity and indecision resulting from conflicting social attitudes about marriage rest more heavily on the young or on the older members of society? Give reasons for your answer.
3. Should the schools have compulsory courses in marriage and the family, or should such instruction be left to the home and the church? Give reasons for your answer.
4. The marriage laws in the United States have been described as providing for "legalized polygamy." Is the phrase accurate and deserved? Should the marriage laws of the various States be uniform? Why or why not?
5. Does democratic control make for greater stability of the family than the other forms of family control? Which of its characteristics are most conducive to instability?
6. The arguments against birth control are sometimes claimed to be entirely moral and ethical. Are other arguments also possible? Are the arguments supporting birth control weightier than those opposing it? Give reasons for your answers.
7. What are the disadvantages of being an only child? Is the other extreme, being one of fourteen or fifteen children, preferable? Why or why not?

TERMS

Birth control: Synonymous with Planned Parenthood, Voluntary Parenthood, and Family Limitation. Regulation of pregnancy.

Maladjustment: An unsatisfactory relationship between needs and wants and the environment.

SELECTED READINGS

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6 EDUCATION

From the colonial period of the United States to the present, statesmen and citizens have recognized the importance of education to the success of the democratic form of government. As political democracy increases in a nation, education becomes more vital, since citizens must be capable of making reasonably intelligent decisions if the democratic process is to be effective. The public-school system is often cited as one of the principal reasons for the endurance and success of democracy in the United States.

It is by education, formal and informal, conscious and unconscious, that the cultural heritage of a people is passed down from generation to generation. As the culture of a society becomes increasingly complex, more importance is attached to formal education. Thus the public-school system has come to be one of the major public enterprises in this country. Throughout the nation, there is an earnest and continuing effort to improve the public schools and to keep them in harmony with democratic ideals.

THE FUNCTION OF THE SCHOOL IN EDUCATION

As we have seen, man is born into an environment that is at once physical and social. The process of adjustment to this environment and of assimilation of the cultural heritage is called *education*. Many agencies in society contribute to a person's education; in reality, all enterprises, experiences, institutions, and activities help educate him. The family plays a particularly important role in the early adjustment of the child, and this influence continues, usually to a lesser degree, throughout the person's lifetime. The church, too, has an important place in the educative process. In certain eras of

history, as a matter of fact, the church was largely responsible for formal education. Though there are still many parochial schools and church-sponsored colleges in the United States, the church has here lost much of its control over formal education. There are, however, many evidences of its continuing influence in the total educative process—Sunday Schools, church organizations for young people, and many other church activities—all of which help the individual adjust to his environment.

Other agencies that assist the individual in his adjustment include newspapers, magazines, radios, television, civic organizations, clubs, motion pictures, Y.W.C.A., Y.M.C.A., and settlement houses. Some education is merely a matter of imitation—the fusion of the prevailing folkways and mores into the behavior of the individual, as when one learns to eat with a fork rather than with his fingers, or to stand when the national anthem is played.

We have been using the word “education” in its wider meaning of all experiences that contribute to forming a person’s character and behavior. In actual practice, we seldom use the word with that broad meaning. When we ask “Where did so-and-so get his education?” we are really asking “What schools did he attend?” for by education we usually mean *formal*, or *planned*, education. The school is the agency to which society has entrusted the formal education of its members. The question at once arises as to the exact role of the school. What is the function of the school as an agency of adjustment, and what part should it play in the total education of the individual?

In addition to its part in transmitting the cultural heritage of each generation, the school is the principal agency for teaching such basic skills as reading and writing and for training in such learning areas as history, mathematics, science, the languages, art, and music. In general, however, the function of the school is to teach people to do better what they will do normally. What do people do normally? Generally speaking, they preserve their physical and mental health, produce economic goods (either material or nonmaterial), spend money, associate with others, carry on family life, enjoy leisure, and participate in governmental activities.

In a sense, the school is a supplementary institution created to teach all the things the society believes to be essential to living, but which are not performed at all, or are not adequately performed, by other social agencies. In other words, the function of the school is a *residual* one. It should begin where other agencies leave

off and not just blindly duplicate their functions. If this is the part the school should have, it should offer any kind of training needed for effective living that is not adequately given by any other social agency. For example, if training in anything valuable for living in society—etiquette, healthful living, social dancing, automobile driving, and so on—is not given to practically all members of society by some other educative agency, the schools should provide it. To be effective, the school program should be consistent with the nature, needs, and trends in the society of which it is a part. Because society is in a constant state of change in order to meet various tensions which arise in the social order, the school, if it is to perform its function, must change as society changes.

THE PUBLIC-SCHOOL SYSTEM IN THE UNITED STATES

Colonial Background

The general pattern of the American school system was laid during the colonial period. The colonists copied European schools as closely as conditions in America would permit; but the schools, along with other institutions in colonial life, were gradually adapted to the needs of the people and to the circumstances of the environment.

The first movement for civil authorities to assume responsibility for education began in the New England colonies. The towns took the initiative in establishing schools, and later the colonial legislatures supported the movement. The schools were supported by private subscription; by town funds from rate bills; by income from town fisheries, lotteries, tolls, fines, licenses; and by property taxes.

The Massachusetts Bay Colony was first to take the step of using legislative pressure on those towns which had not established schools. Two famous school laws were passed, serving as models for other colonial legislatures. The Massachusetts School Law of 1642 required that town officials compel parents to provide elementary instruction for their children. Although this law did not require that schools be established, it did make it mandatory for children to have instruction in the minimum essentials, such as reading, religion, and apprenticeship in a trade. When the Law of 1642 proved ineffective, a second law was enacted. The Massachusetts School Law of 1647 required each town of 50 families to establish an ele-

mentary school and each town of 100 families to provide a Latin grammar school. The Latin grammar school stressed the teaching of Latin and other subjects which prepared young men for college entrance. Towns were permitted to levy taxes to establish their schools, and a town that did not comply with the provisions of the Law was subject to fines. Under these two laws, parents were free to provide private instruction for their children, since attendance at public school was not compulsory. The object of the laws was to make schooling more easily available to those who could not afford private instruction.

The desire on the part of the colonists for education which would be more practical in colonial society than that given in the Latin grammar schools led to the establishment of the academy. Academies for girls as well as boys were established, and in some instances girls and boys were permitted to attend the same academy. In general, these schools were supported by tuition and by funds from churches and interested individuals, but in some colonies they received public funds. The academy was more popular than the Latin grammar school because it provided a wider range of training. It met the practical needs of colonial society by stressing such subjects as mathematics, geography, science, bookkeeping, history, and modern languages.

The Single-School System

Before the American Revolution, some laws concerning education had been passed by nearly every colonial legislature, but only in New England were they effective. The establishment of schools under public control was retarded in part by the desire of religious groups to have their own schools.

After the American Revolution, a different concept of education developed. The colonial schools, such as they were, had been virtually destroyed during the war years, and another system had to be devised. There was constant pressure on government to accept the responsibility for popular education. This pressure was in keeping with the age, which exalted the rights of the common man. Although the actual establishment of individual school systems was slow, the pattern of an over-all school system did form in the nineteenth century. The schools were to be under secular, rather than religious, control and were to be supported by public funds.

As the new States formulated their governments, the trend in educational policy was for the provision of a single system of in-

struction for *all* at public expense. This concept differed from that held by many European nations, which maintained dual-school systems. In the dual system, one system of schools provided an elaborate and extended education for those who were to be the privileged leaders, the elite; the other provided relatively simple schooling during a few years for the students from the general population, the masses. Extending from nursery school and kindergarten through college, a single-school system provides schools in which any individual may obtain the advantages which result from formal education. Furthermore, it serves to prepare youth to take their place as effective citizens in a democratic society. In the single-school system, leaders of society are expected to emerge as the general educational level of all the people is raised.

The theoretical structure of the single, ladder-like system in the United States may be simply presented in the following manner:

College and university
Secondary school
 Junior college
 Senior high school
 Junior high school
Elementary school
Kindergarten
Nursery school

VERTICAL EXPANSION *The organization of educational institutions* has varied from State to State and among different communities within each State. The differences are as outstanding as the similarities. The mores of the group and the economic circumstances of the community are in large part responsible for the exact form the school system will take. The general trend, however, has been to extend the amount of public-school education to lower and higher age levels. This vertical extension of the ladder-like system is definitely in the direction of providing educational facilities at public expense for most persons from the age of two or three to twenty.

The elementary school is the institution from which the vertical extension started. The first downward extension came with the establishment of the kindergarten, which provides educational opportunities for children of four and five years of age. The kindergarten was first introduced in the United States in 1855 in Wisconsin, but there was no kindergarten attached to a regular public-school system until 1873, when it was made a part of the school sys-

tem in St. Louis, Missouri. Since that time, it has become an accepted part of the school structure of the nation.

A still further downward extension was the establishment of the nursery school for the two- and three-year-old children. Communities have been slower in accepting the nursery-school movement than the kindergarten. An impetus was given to the movement during the depression years of the 1930's, when nursery schools were supported by funds from the national government and were under the direction of the Works Progress Administration of the New Deal program. In some communities, nursery schools have been established as a part of the public-school system; in others they are privately owned. Both the kindergarten and the nursery school have met a need in the twentieth-century industrial and urban social order, in which a great number of mothers are entering business, professional, and industrial activities.

At the beginning of the nineteenth century, the most common secondary schools were the academies, which were supported either by private funds or by religious organizations. There were also many Latin grammar schools—especially in New England—which continued to be supported by town funds. In the 1830's, however, the extension of democratic processes to the common man was beginning, and the force of this movement was felt in the schools. The demand came for a type of secondary school that would provide at public expense an education for all boys and girls who finished the elementary schools, rather than for only the select few who went to the academies and Latin grammar schools. The opposition of taxpayers who were opposed to the expense involved, and of religious organizations that had established private academies, slowed the establishment of the high school as a part of the public-school system. In addition, public officials were uncertain as to their legal right to levy taxes for the support of public high schools.

This uncertainty was removed in the 1870's, when a series of court decisions established the legal right to use public funds for such purposes. The court decision in the Kalamazoo, Michigan, case is illustrative of the attitude taken by the courts. This decision upheld the right of the city to spend public tax money for the maintenance of high schools on the ground that the high school was essential to the general welfare of the community. By the end of the century, the high school had taken its place in the vertical expansion of the school ladder.

In the early years of the twentieth century, there was consider-

able criticism of the prevailing type of elementary schools, which usually provided eight years of schooling for children from the ages of six to fourteen. In general, the criticism was directed at the inadequacy of the elementary school to meet the needs of the thirteen-, fourteen-, and fifteen-year-old boys and girls. In an attempt to meet the criticism, the junior high school came into existence. It is designed not only to meet the needs of the thirteen- to fifteen-year-old students but also to serve as a transition school between the elementary and secondary systems. The junior high school has been more popular in urban than in rural communities, in which latter the shortage of teachers and limited number of students make its establishment less practicable.

Another innovation in the secondary-school system is the junior college. This institution offers an opportunity for two years of schooling beyond the regular senior high school. The junior college has two distinct advantages: it permits a student to obtain two years of college at a relatively low cost to him, and it makes adjustment from high school to college easier. The junior college began to appear in the early twentieth century and expanded rapidly after 1920, especially in the Midwest and the West.

HORIZONTAL EXTENSION In addition to vertical extension, horizontal expansion has also taken place. This type of expansion recognizes that people differ in their capacities to learn. It also provides an opportunity for individuals to make up the deficiencies resulting from earlier lack of opportunity or from misfortune. Examples of horizontal expansion are night schools at the secondary level, adult education, opportunity schools for the mentally and physically handicapped, and trade schools. The trade schools have been particularly beneficial in providing training for individuals whose aptitudes are along mechanical lines. An individual whose interests and abilities are mechanical rather than verbal may be uninterested in achieving success in such studies as Latin, English, or history, but may make a brilliant record in the trade school.

The Problem of Universal Educational Opportunities

This discussion of the public-school system in the United States has been generalized and idealistic. Such a system is the trend in the educational movement, and while it does exist in some communities, others depart substantially from the pattern presented. Al-

though the trend is to provide easily available educational facilities for all youth and adults, many communities are far from that goal. Public-school systems are sometimes selective in nature, with selection based on nonintellectual rather than intellectual factors. No highly competitive examinations are required of those who wish to enter the schools. Research on the selective nature of the public-school system indicates that the individual's chances of going from the bottom to the top of the educational ladder are directly related to such nonintellectual factors as the locality in which he lives, his parents' economic and social status, his color, his nationality, and his religion. The selection comes for the most part at the secondary-school level, but it is also present at the elementary level. Providing educational opportunities without restriction as to wealth, location, and race continues to be a problem in the society of the United States.

OBJECTIVES OF EDUCATION

As the school system in the United States expanded, educational leaders recognized the need to study the objectives, or aims, of the educational program. The objectives have not always advanced simultaneously with the growth and changing nature of the school population.

Educational leaders of the nineteenth century formulated few clear-cut statements of the objectives of public education. In general, the school stressed two principles: the acquisition of knowledge for its own sake and mental discipline. The acquisition of knowledge amounted largely to book learning, that is, knowing what was contained in the books, regardless of whether or not this information had any application in the individual's life, either as a student or later as a citizen. The purpose of mental discipline, as an educational objective, was to exercise and improve memory and reasoning. Training of this type in one subject supposedly would be sufficient preparation for an intellectual approach to the problems of society. For example, it was assumed that if the student studied Latin and Greek classics or higher mathematics, he thereby developed a critical mind and would be able to attack any social problem intelligently.

Although these principles may have been in keeping with the traditional religious and philosophical outlook of the eighteenth and nineteenth centuries, they do not adequately meet the variety

of new demands upon the educational program that have come as a result of social changes in the twentieth century.

In the early years of the twentieth century, foresighted educational leaders attempted to develop educational objectives in keeping with changing social conditions. The years immediately preceding World War I were years of unusual activity in political, social, and economic reform. Furthermore, the enormous increase in school enrollments, especially at the secondary level, forced a re-evaluation of the aims of the schools at all levels of education. The society of the United States was a different society than it had been before the Civil War. If the schools were to eliminate the cultural lag between education and other aspects of culture, they too would have to change. In an attempt to meet this challenge, a commission of the National Education Association in 1918 formulated seven cardinal principles of education. Education, according to these objectives, should aim at preparation for health, command of the fundamental processes, home membership, vocation, citizenship, leisure, and ethical character.

Educational leaders continued to formulate objectives of education in keeping with continuous changes in the social order. The statement of the Educational Policies Commission of the National Education Association in 1938 has been widely accepted, generally replacing the earlier seven cardinal principles. It includes the following four general objectives: self-realization, human relationship, economic efficiency, and civic responsibility. These four main areas have been described in considerable detail by the Commission.¹

In the formulation of objectives of education during the twentieth century, educational leaders have considered that book learning and mental discipline as principles of education are not in line with changing social conditions. Though in some sections of the United States they continue in the curriculums of all levels of education, the trend in education is to replace book learning and mental discipline with modern objectives similar to those stated above.

¹ Educational Policies Commission, *The Purpose of Education in American Democracy* (Washington, D.C.: Nat. Educ. Assoc. of the United States and Am. Assoc. of School Administrators, 1938).

CONTROL OF SCHOOL POLICY IN THE UNITED STATES

School policy in the United States is controlled both directly and indirectly. The direct control is that legal control provided for in the State constitutions and laws. Indirect controls stem from various sources, but in the main such controls are local community pressures.

Direct Control

The Constitution of the United States makes no direct provision for education; even the Bill of Rights (the first ten amendments to the Constitution) does not mention education directly. The Tenth Amendment, however, reserves to the States or to the people all powers not delegated by the Constitution to the national government or not prohibited by it to the States. This amendment has been interpreted by the courts to mean that the States have the right to establish and maintain schools. Each State, in its own constitution and by legislation, provides for the organization, administration, and financial support of the public-school system within the State. The State educational policy, however, is controlled to some extent by the United States Supreme Court, which may pass upon the constitutionality of any law if a pertinent case arises.²

The legal control of the schools is held by the State level of government, but each State has granted much authority and responsibility to school districts or to the local units of government, such as city, town, county, and township. The State retains supervisory control and can require the agency to which it delegates authority to exercise such authority. Legally, the State may reassume at any time the powers granted to the local units, but because of the firm belief of the people of the United States that education should be locally controlled, such action by a State government would undoubtedly meet with strong opposition.

In actual practice, the control of education is close to the people. Educational leaders believe that a high degree of local control keeps the people interested in the schools of their community and that it makes possible needed variation in the schools as determined by

² The decision of the Supreme Court in 1954 declaring segregation in the public schools on the basis of race unconstitutional is an example of the way in which State educational policy may be controlled by the Court. This case is discussed in Chapter 8, Volume II, "The Securing of Rights."

local conditions. It is also contended that local control guards against dictatorial thought-control over the youth of the nation.

Indirect Control

Local community pressures are important in determining numerous aspects of the school. Such matters as disciplinary methods, courses of study, hiring of teachers, location and type of buildings, and activity programs are all influenced to a considerable degree by the thinking and opinions of dominant groups in the community. Parental influence is usually strong in determining the policies of the school. This influence may be group pressure or individual influence, and it may or may not be advantageous to the school and to the students. Parent-Teacher Associations have greatly influenced school policy in many communities. When such organizations are representative of the parents as a whole, their co-operation with school administrators may be of considerable importance in advancing the interests of education in the community. Parental influence is particularly strong in determining the course of study. Often parents insist that their children study the same subjects they studied, regardless of the fact that such subjects may not fit the needs of students today. Sometimes pressure is brought on the school to stress courses, particularly at the secondary level, which are considered "practical" and to place less emphasis on such courses as physical education, music, speech, and debate because they make no preparation for immediate earning power.

Other powerful influences on the school are local civic organizations, tax payers' alliances, labor unions, patriotic societies, veterans' organizations, industrial interests, and religious and professional groups. The pressure of these groups is in general directed at such things as the type of books and magazines used; the content of the courses; the religious, political, and economic beliefs of the teachers; the school financial budget; the emphasis on democratic governmental principles and exclusion of the principles of other ideologies; and building programs. Such pressures vary among the numerous local school districts and with the times. As is true of parent groups, the influence of these special interest groups may or may not aid the progress of the school. If the aim of any such group is a selfish one, its interest is likely to hinder the school program more than aid it. On the other hand, if the interest taken is such that it will promote the general welfare of the community and the students, much may be done in assisting the school to perform its function in society.

The mores of the community sometimes influence the curriculum. For example, if the teaching of sex education, dancing, or physical education is not regarded as "right," these subjects will probably not be taught. In general, the mores support the idea that school policies should be formulated by the local school districts; both State and national government control are resented. The mores often place restrictions on the freedom of the teachers. Many communities—especially smaller ones—have special codes of behavior for teachers. In such things as dating, playing cards, dancing, smoking, and (interestingly enough) politics, teachers are often expected to act "better" than other respectable members of the community. Such demands, which probably are a reflection of community ideals, are perhaps a compliment to the teaching profession, but they sometimes have the effect of scaring capable people away from the profession. In times of teacher shortage, especially, communities usually relax their standards of behavior for their teachers and let them lead "normal" lives. In general, teachers are expected to teach what is commonly accepted in the community and by methods believed to be "best." Innovations in teaching methods may be resisted as strongly as the teaching of certain controversial issues. In some communities, there has been discrimination at times against employing Roman Catholics, Jews, pacifists, militarists, and divorced or married women, largely because the mores have not favored the employment of such persons.

PROBLEMS OF THE PUBLIC-SCHOOL SYSTEM

The Curriculum

The traditional concept of the curriculum is that it is the courses offered in an educational institution. A recent trend, however, is to expand the meaning of the term to include all activities of the school which contribute to the educative process. According to such an interpretation, club activities, athletic programs, debating, music participation, and the like would be included in the curriculum. Such activities have traditionally been referred to as extracurricular. One of the educational trends of the twentieth century has been to include many such activities in the regular school day, indicating that they now are considered a part of the function of the school.

The form and content of the curriculum of the public schools are influenced by social changes, and as a result they are in a continuous process of adjustment. One of the major problems of educational

leaders today is to formulate a curriculum content which harmonizes with the changes in society, meets the educational objectives, and is within the great range of abilities and interests of young people. Administrators and faculties of school systems may enthusiastically accept progressive aims or objectives for their school programs but for many reasons may often be inclined to resist any change in the courses themselves.

Thus, although the curriculum is in a continuous process of adjustment, it often lags behind social changes and even behind the objectives and aims of education. Often no thorough reorganization of the curriculum is made when social changes require a total adjustment. For a long time, new demands on the curriculum, especially at the secondary-school level, have been met simply by adding supplementary courses or activities, without removing any to make room for them. The result is an overcrowded curriculum, with a hodgepodge of courses, many of which are "dead wood." In many schools, the curriculum at the secondary level continues to be dominated by traditional college-entrance requirements, even though most of the high-school graduates do not go to college and many colleges have relaxed their requirements for entrance. A number of school systems have begun to sift out courses and activities which no longer are relevant, but the need continues for an over-all curriculum revision in most school systems of the nation. Of course, one of the most perplexing problems in making such a revision lies in determining the social needs of the school population.

In general, the social needs of the present time which the school curriculum has failed to meet adequately are in the areas of physical and mental health, marriage and family relationships, vocational and personal guidance, leisure time activities, and citizenship responsibilities. Changes in other institutions of the social order have placed the responsibility upon the school for providing training in these areas. Recreation as a social need has arisen out of such phenomena as increased leisure time resulting from the shorter working day, crowded conditions in urban areas, and a change from home recreation to commercial recreation. Because of changes in the institution of the family, boys and girls no longer learn of marriage and family relationships as they did in an earlier period. In an age when job opportunities were many and requirements were less specialized, schools felt no particular need to provide vocational guidance. In the present age, however, such information seems vital to the proper orientation of future citizens. The need

for personal guidance has developed largely because of changing family and home relationships. If instruction in these areas is not to be neglected, the school, as the residual institution in the total educational process, must provide it.

The change in the nature of the secondary school population is one of the most important factors in stimulating interest in curriculum revision. During the past fifty years, with the exception of a few years during World War II, high-school enrollment has increased steadily. At the beginning of the twentieth century, only about 25 per cent of the youth of high-school age were enrolled in school, but by mid-century 70 to 75 per cent of that age level were attending high school. With the increase in the number attending the public high school came an inevitable variation in interests, a wide range of social and economic backgrounds, and a wide difference in the scholastic ability of those attending school. One result of the increased enrollment is that the high school is the terminal school for most of those attending. Although college enrollments are increasing, a large percentage of high-school students do not continue with formal education. The college preparatory courses that continue to dominate the curriculum in some high schools have little of real value or interest to the student who is leaving high school to find his place in society. Another indication of the inadequacy of the high-school program is the fact that about 60 per cent of the youth who enroll in high school drop out before graduation. Research studies indicate that the greater number of these drop-outs are caused by lack of interest and confidence in the course of study.

Financing the Public-School System

The decentralization of control of the public schools in the United States has made financial support of public schools primarily a State responsibility. As a result, many different school-finance practices have developed. From the beginning of publicly supported schools in colonial times, raising funds for them has been one of the most persistent problems. The vast sums of money needed for the support of universal education did not become available until the public was willing to tax itself for that purpose. Levying taxes for school support came about gradually and was not widely accepted until the latter part of the nineteenth century. In general, financial support of the public schools has come chiefly from the property tax.

After the principle of public taxes for school purposes was ac-

cepted by the States, a number of problems arose which were inherent in the changing conditions in the nation. One of these has been to make a more equitable distribution of educational opportunities as taxable wealth has become unevenly distributed. As industrialization has developed, the industrialized States have more wealth and can provide more adequate educational opportunities than States that are largely agricultural. In 1940, for example, the average expenditure per pupil in the entire nation was about \$80.00; but in nine Southern States, largely rural in occupation, less than \$50.00 per pupil was spent, whereas eight States, largely industrialized, spent more than \$100.00 per pupil. One State, Mississippi, spent only \$25.00 per pupil—less than one-third of the nation's average and less than one-fifth of the per-pupil expenditure in New York.

Furthermore, educational opportunities vary among the local districts within each State. Industries are concentrated in urban areas, thereby tending to make the assessed valuation of city property higher than that of rural areas. Thus, the local units with larger populations and greater wealth have more resources at their command for school purposes than those of the nonindustrialized areas.

In the twentieth century, two proposals have been made to correct these inequities. One is to change the type of tax. As has been stated, school revenue has been obtained largely from a property tax, usually levied at the local level of government. Some educational leaders have proposed that the sources of school funds should be the individual and corporate income taxes. Others have opposed this move, feeling that the revenue from property taxes is more steady, even though smaller, than revenue from income taxes, which fluctuate according to general business conditions.

The other proposal to bring about equalization of educational opportunities is to enlarge the geographical size of the tax unit from the local district to the State level. At the close of the nineteenth century, some States were giving financial assistance to the local school districts—not primarily to equalize educational opportunities, but either to stimulate local initiative in providing for schools or to pay for new services within the schools. Equalization of school opportunities was not accepted as a principle of State support until the twentieth century.

Under the principle that the entire wealth of the State should be used as a basis for financing all the schools of the State, various plans have been developed to distribute State funds to local com-

munities unable to provide adequate school opportunities. To raise these equalization funds, States have usually used taxes other than the property tax in order that all types of wealth may contribute to school support. The taxes used vary, but in general they are the income tax, severance tax, and the sales tax. At present in all States, some State funds are received by local school districts. The percentage of school funds derived from State sources varies widely from State to State, ranging in the school year of 1947-48 from 3.9 per cent in Nebraska to 87 per cent in Delaware. During the same year in 12 States, less than 20 per cent of the public-school revenue was derived from State sources, and in 11 States more than 60 per cent was so derived.³ The property tax continues to be the source of most school revenue and to be levied generally at the county or school district levels rather than at the State level.

Federal Aid to Education

Our discussion of the legal control of the public school system might seem to imply that the national government has no part in providing for the public-school system of the United States. This implication is not intended, because the national government has provided guidance and financial aid from its beginning. It has been mentioned that the United States Supreme Court is an agency which may determine educational policy, since it may be called upon to review any constitutional issue raised in a judicial controversy. This constitutional control of the national government is centered in Section One of the Fourteenth Amendment, which provides for "equal protection of the laws" and "due process of law." Examples of the application of this amendment are found in the Court's denial of the right of a State to abolish private schools, to prohibit the teaching of a foreign language in the schools, and to segregate pupils on the basis of race.

The national government has established a United States Office of Education, now in the Department of Health, Education, and Welfare. This office has the responsibility of conducting educational research, investigations, and surveys, and of providing consultative service for the promotion of education.

The interest of the national government in public education antedates the present Constitution of the United States. The Ordinance of 1785, which in general established a policy for the sale of public

³ *The Forty-Eight State School Systems* (Chicago: The Council of State Governments, 1949), pp. 112-114.

lands, provided that the income from the sale of the sixteenth section (one square mile) of each township was to be used for common schools. This policy of granting public lands to be used for school purposes was continued when other States were admitted to the Union. Some States in the West, where land values were low, received two and even more sections in each township for use of the public schools. This indirect public support for public schools from the national government amounted to considerable assistance; it is estimated that nearly 75 million acres of land were given to the States. The early grants of the national government were not restricted to land. In 1837, when the surplus funds in the treasury (\$128 million) were distributed to the States, some of the States used all or part of their shares for the support of schools. No restriction was placed on the States in the management of these early grants.

The Morrill Act of 1862 gave additional land grants to the States for the purpose of establishing colleges to teach the arts and sciences and the branches of learning related to agriculture and mechanical arts. By stipulating the purpose for which the funds were to be used, the national government for the first time placed a restriction or a control on the States in the use of the aid given. Later acts provided for further financial aid to the colleges established under the Morrill Act. Altogether, about 150 million acres of public land were given to the States to provide funds for educational purposes.

The trend toward federal aid to education that began in the nineteenth century continued in the twentieth. In 1917, the Smith-Hughes Act made national funds available for vocational instruction in agriculture, home economics, trade, and industrial subjects in the secondary schools. The funds are matched dollar for dollar by the State receiving them. Before the funds can be received from the national government, State plans for courses of study, the preparation of teachers, and the allocation of the time of the pupils must be approved by the United States Office of Education. In 1929, the appropriations for vocational education at the secondary level were increased by the George-Reed Act, and were extended to instruction in the distributive, or selling, occupation by the George-Deen Act of 1936. Furthermore, the national government granted funds to aid the vocational rehabilitation of handicapped persons. Under these laws, all States receive some school support from the national government. An indirect aid to public education provided by the national government is the National School Lunch Program.

At first, the primary purpose of this Program was to use the surplus agricultural products acquired by the national government to sustain farm prices, but the school children have benefited from the program. Since 1946, the Program has been on a permanent basis.

To the present time, federal financial aid to public schools has been for special types of education, mainly vocational and rehabilitative. The question of general federal aid for education is one of current importance in the development of the public-school system. Many school leaders believe that only in this way is it possible to provide genuine equality in educational opportunities for all youth. Several bills have been introduced in Congress to provide federal aid for education in general, but none has been enacted into law.

The proposed legislation is designed to provide national funds for education in all the States, although it is intended primarily to raise the standards of public education in those States that are unable to support an adequate program. The proponents of federal aid point to the differences among the States in income and in expenditures per pupil as one strong argument. They contend that equal opportunities for education of all youth cannot be met without federal aid, since many States are unable to support an adequate program of education from local and State tax funds. They support their argument by pointing out that 36 per cent of the 22 million young men examined for military service in World War II were rejected because of illiteracy and physical defects, and that where the schools were best, the rejections on both counts were lowest. It is contended also that all people should be vitally concerned about the education of all youth because of the mobility of the population, which has the effect of making the intellectual and cultural level of any region influence the development of other regions. One of the strongest arguments used by those who favor federal aid is that if millions of children fail to receive basic education, the democratic social order will suffer, inasmuch as the welfare of the nation is dependent upon educated citizens. In general, those who favor federal aid propose to keep control of the schools at the local and State levels of government.

The objections to federal aid are based not so much on the increase of national expenditure as on other considerations. One of the greatest concerns of the legislators and the people is the question of control. The principle of local control of education is deeply entrenched in the culture of the United States. Some opponents to

the proposed legislation believe that federal aid would lead inevitably to domination of the local school districts by the national government. Others oppose federal aid because some of the States would not receive as much as they would pay. Another point of argument which delays the passage of a general federal-aid bill is the question of whether or not funds should be allocated to parochial, as well as to public, schools. There is also disagreement, even among those who favor federal aid, about how the funds should be allocated to the States.

Reorganization of Local Rural School Districts

The reorganization of local, rural school districts into larger units is taking place in a number of States. One of the objectives of this movement is to provide more efficient schools at less cost. Some States have reorganized their local school districts into county units. Thus, administrative units of sufficient size and resources have been created to provide, without burdensome taxes, programs of education, with well-balanced teaching staffs, from the kindergarten through the high school. Sometimes the reorganization is effected through pooling of resources by two or more local districts to provide fewer but better schools.

One of the problems of reorganization is that of determining a standard for the size of an administrative unit. The problem involves establishing an area large enough to provide sufficient resources for the support of the schools, but at the same time small enough to be convenient for the transportation of pupils. Geography, condition of roads, and relative density or sparsity of population are factors which must be considered in determining the size of the administrative units.

SUMMARY

The people of the United States have long stressed the importance of education in strengthening democratic processes and in advancing the welfare of the individual. The establishment and support of schools from public funds had its beginning in the colonial period. Since the establishment of the Republic, the trend in education has been toward the establishment of a single-school system for all members of society.

The control of the public-school system is legally in the hands of the State governments. In practice, however, local community con-

trol is accepted as being essential to democratic processes. The national government, as well as State and local governments, has promoted education. Financial aid has been given in the form of land grants and direct aid for the promotion of vocational education. At present, however, the role of the national government in public-school education is largely an advisory one.

One of the continuing problems of the public-school system has been financial support. This problem has led to the consideration of both State and federal financial aid for the public schools. The change in the nature of the school population in the twentieth century, particularly at the secondary level, has increased the responsibility of the school system to present subject matter most beneficial to the student. In carrying out this responsibility, constant examination of objectives and revision of the curriculum are necessary.

QUESTIONS

1. Why is education necessary for the functioning of a democratic type of government?
2. Define education. What is the school's part in the educative process?
3. Do the educational objectives formulated by the Educational Policies Commission correlate with the school's function in society? Be specific in your answer.
4. What are the basic differences between a single-school system and a dual-school system? Why is the single-school system used in the United States?
5. Trace the development of the elementary-school system from colonial times to present times. Do the same thing for the secondary-school system. As the two systems expanded, what social changes were responsible for the developments?
6. How is the decentralization of control of the public-school system manifested in the United States? Has there been any change in this pattern? Why?
7. What changes have taken place in the school population in the twentieth century? Of what significance are these changes in curriculum-making and the structural organization of the school?
8. How do the mores of the community affect the school system?
9. What changes have taken place in financing the public schools since the colonial period?
10. What are the arguments for and against a federal aid plan for education in the public schools?
11. What is the purpose of reorganization of local rural school districts? What problems are involved in such reorganization?

7 RELIGION

Religion as an institution in society is ancient, having played an important part in the lives of mankind for thousands of years. It has affected practically every human activity to some degree and has had a profound effect on group life, as well as on the daily activities of the individual. Throughout the world, sex practices, marriage, the family, economic systems, education, recreation, government, law, and the courts have all been influenced by religion.

Because of differences of opinion as to what should be included under the term *religion*, it has been defined in numerous ways. Probably no one definition is completely adequate for the many religions of the world. One of the definitions given in the *New English Dictionary* is proposed as reasonably inclusive: "Recognition on the part of man of some higher unseen power as having control of his destiny, and as being entitled to obedience, reverence, and worship; the general mental and moral attitude resulting from this belief, with reference to its effect upon the individual or the community; personal or general acceptance of this feeling as a standard of spiritual and practical life."

Religion is based on faith, and religious concepts cannot be proved as can scientific hypotheses. Nevertheless, religion is a vital force in the lives of people. Largely because religion appeals to man's emotions, its hold on him is very real. The religious wars of history bear witness to the extent to which man will defend his religious principles.

EARLY FORMS OF RELIGION AND RELIGIOUS PRACTICES

Perhaps the strongest single force in the life of early primitive peoples was religion. It colored every aspect of their activities

Much, if not all, of early man's religion was permeated with fear—fear, above all, of death. Primitive life was full of many dangers, and long before old age, violence or some strange disease caused the death of most people. Hence, it was easy for early man to believe that death was not a natural thing but rather the result of supernatural intervention.

The phenomena of nature also influenced early man's religion. He was closely associated with nature, but he did not understand such things as volcanoes, tidal waves, thunder and lightning, earthquakes, the seasons, and day and night. In an attempt to obtain the aid of supernatural forces to control these phenomena, early primitive groups established various rituals and practices of magic. Persons in control of the magic or secret rites—rainmakers, diviners, medicine men, and sorcerers—naturally were prominent and powerful in these early societies. Early man seems to have worshiped the objects of nature which impressed him most or which he feared most. If he lived in a place where sunshine was welcome, he would worship the sun, one of the most common objects of worship. If he lived near a volcano, he might be so impressed as to worship it. The same would be true of a high mountain, large river, huge tree or great waterfall. If rain brought good fortune, it might be worshiped.

Two forms of primitive religion—animism and totemism—exist today in a few areas of the world. Animism is the belief that spirits or souls abide in all objects nonliving as well as living. The followers of totemism believe that their ancestors descended from animals, plants, or certain natural objects, which are called totems. Consequently, the totem is regarded as a powerful friend.

Early man eventually came to recognize that certain of the thousands of forces surrounding him had greater significance in human life than others. For example, the importance of the sun, fire, the seas, and the mountains was recognized, and these received the status of deities, or gods. Furthermore, primitive man came to think of a god of all seas or of all fire rather than for each sea and each fire. Man also came to think that individual gods controlled his emotional and mental state. The Greek goddess of wisdom, Athena, and the goddess of love, Aphrodite, are examples. In time, one god came to be recognized as superior to all other gods or even as the one from whom all other gods were derived. The Greeks, for example, recognized Zeus as the chief deity, though they also had many other gods; and the early Egyptians gave special homage to Ra, who was regarded as being above all others. In some societies,

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there evolved the belief in a "Something" superior to all gods. Thus, by the ninth century B.C., the Indo-Aryans of India came to believe in Brahma as the "Soul of All Things." The development of the worship of one god, supreme and alone, was a very slow evolution. Earlier than other people, the Hebrews came to recognize only one God, Yahweh or Jehovah. Two other religions in Western society, Christianity and Islam, also base their religious beliefs on the existence of a single supreme being. This practice is known as monotheism.

GREAT RELIGIONS OF THE PRESENT

One of the recognized essentials in building a world society in which people of all nations may co-operate is an understanding of existing cultures. Since religious belief holds an important place in the culture of any group, an understanding of and respect for the philosophy of life and the basic ideals as expressed in the religion of the group are essential to international friendship and to better understanding among societies of the world.

Confucianism

Confucianism, which originated in China, has dominated Chinese culture for about twenty-five centuries and the cultures of Korea and Japan for almost as long. The Confucian system is based on the teachings of Confucius, a statesman and practical educator who lived in China from about 551 to 479 B.C. Confucius was not the originator of a religion; he was not even a religious prophet in the true sense of the term. He was, in his own words, "a transmitter, not a maker, believing in and loving the ancients." His teachings were based on moral ideals of the Chinese which had existed from very ancient times.

During the lifetime of Confucius, China was in constant disorder, and in seeking a remedy for the corruption and the confusion of the times, Confucius turned to the past. The content of the nine classical books, which are the sacred scriptures of Confucianism, reveals the desire of Confucius to build a respect for the past. Five of these books, called the Classics, are, for the most part, collections of ancient ritual hymns, ceremonial laws, and historical chronicles. The other four books—referred to as the Books—contain the teachings, mostly of an ethical and political nature, of Confucius and his immediate disciples. From the second century B.C. to the twentieth

century A.D., the Confucian Classics were the foundation of Chinese education, and thus they were of great significance in shaping Chinese life and thought. In 1905, the old educational system and the practice of selecting all government officials through examinations in these Classics were abolished.

The Confucian system is concerned primarily with the attitudes of men and with their conduct in social relationships. In the *Analects* (one of the four Books containing the sayings of Confucius), Confucius expressed a guide for ideal relationships. Tzu-kung asked if the Master could give him one word to serve as a rule of practice in life. The Master said, "Is not Reciprocity such a word? What you do not wish others to do to you, do not do unto them." The Confucian ethical ideal is for every person to have the right attitude in his social relationships and especially in the Five Relationships: (1) Benevolence in the ruler, loyalty in the subject or minister. (2) Kindness in the father, filial obedience in the child. (3) Justice in the husband, obedience in the wife. (4) Consideration in the elder brother, respect and obedience in the younger brother. (5) Faithfulness in friends. To the Confucians, the supreme virtue is *jen* [benevolence], which apparently includes justice, courage, kindness, love, loyalty, reverence, earnestness, filial piety, and righteousness. The observance of ancestral customs is also stressed, but ancestor worship did not originate with Confucius; it was practiced by the Chinese long before his time.

Some students of religion consider Confucianism a philosophy or a way of life rather than a religion. Others contend that Confucianism is a religion because it has fulfilled the function which religion has ordinarily been expected to fulfill. The original teachings of Confucius were not for religious purposes—his goals were learning and good government. Confucianism is not a religion if we define religion as necessarily including an organized system. It has no priesthood, church, creed, conversion, missionary work, nor a fixed system of gods. The Confucian system consists of worship of Heaven and Earth, ancestor worship, and the ceremony to venerate Confucius. In general, Confucius has not been worshiped as a god. Rather, he is honored by his followers as the ideal man and is sincerely respected by almost all Chinese.

Confucianism was the state religion of China from 136 B.C. to 1912 A.D., when the Chinese Republic was established. At that time, state and school worship of Confucius ended. Naturally, the influence of Confucianism has waned. Some Chinese thinkers con-

there evolved the belief in a "Something" superior to all gods. Thus, by the ninth century B.C., the Indo-Aryans of India came to believe in Brahma as the "Soul of All Things." The development of the worship of one god, supreme and alone, was a very slow evolution. Earlier than other people, the Hebrews came to recognize only one God, Yahweh or Jehovah. Two other religions in Western society, Christianity and Islam, also base their religious beliefs on the existence of a single supreme being. This practice is known as monotheism.

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During the lifetime of Confucius, China was in constant disorder, and in seeking a remedy for the corruption and the confusion of the times, Confucius turned to the past. The content of the nine classical books, which are the sacred scriptures of Confucianism, reveals the desire of Confucius to build a respect for the past. Five of these books, called the Classics, are, for the most part, collections of ancient ritual hymns, ceremonial laws, and historical chronicles. The other four books—referred to as the Books—contain the teachings, mostly of an ethical and political nature, of Confucius and his immediate disciples. From the second century B.C. to the twentieth

century A.D., the *Confucian Classics* were the foundation of Chinese education, and thus they were of great significance in shaping Chinese life and thought. In 1905, the old educational system and the practice of selecting all government officials through examinations in these Classics were abolished.

The Confucian system is concerned primarily with the attitudes of men and with their conduct in social relationships. In the *Analects* (one of the four Books containing the sayings of Confucius), Confucius expressed a guide for ideal relationships. Tzu-kung asked if the Master could give him one word to serve as a rule of practice in life. The Master said, "Is not Reciprocity such a word? What you do not wish others to do to you, do not do unto them." The Confucian ethical ideal is for every person to have the right attitude in his social relationships and especially in the Five Relationships: (1) Benevolence in the ruler, loyalty in the subject or minister. (2) Kindness in the father, filial obedience in the child. (3) Justness in the husband, obedience in the wife. (4) Consideration in the elder brother, respect and obedience in the younger brother. (5) Faithfulness in friends. To the Confucians, the supreme virtue is *jen* [benevolence], which apparently includes justice, courage, kindness, love, loyalty, reverence, earnestness, filial piety, and righteousness. The observance of ancestral customs is also stressed, but ancestor worship did not originate with Confucius; it was practiced by the Chinese long before his time.

Some students of religion consider Confucianism a philosophy or a way of life rather than a religion. Others contend that Confucianism is a religion because it has fulfilled the function which religion has ordinarily been expected to fulfill. The original teachings of Confucius were not for religious purposes—his goals were learning and good government. Confucianism is not a religion if we define religion as necessarily including an organized system. It has no priesthood, church, creed, conversion, missionary work, nor a fixed system of gods. The Confucian system consists of worship of Heaven and Earth, ancestor worship, and the ceremony to venerate Confucius. In general, Confucius has not been worshiped as a god. Rather, he is honored by his followers as the ideal man and is sincerely respected by almost all Chinese.

Confucianism was the state religion of China from 136 B.C. to 1912 A.D., when the Chinese Republic was established. At that time, state and school worship of Confucius ended. Naturally, the influence of Confucianism has waned. Some Chinese thinkers con-

tend that its stress on the past has been responsible for many of the misfortunes of China in the twentieth century. Confucianism, however, is not likely to be entirely discredited, because the fundamental moral concepts and spiritual ideals expressed in its principles are closely woven into the lives of the Chinese.

Hinduism

Hinduism—or Brahmanism, as it is sometimes called—is the religion of most of the people of India today. It is the oldest living organized religion in the world, having started as early as 1500 B.C. among the Indo-Aryan invaders of India. Hinduism has changed from age to age and has differed from community to community. Many of the social beliefs of the ancient Hindus, however, have persisted.

Hinduism is based upon the *Vedas* and *Upanishads*. These writings, the scriptures of the Hindus, are the final authority in spiritual matters. The spiritual laws set forth in them supposedly were revealed to the wise men who lived in northern India in a very early period of history.

The caste system of Hinduism makes it unique among the religions of the world. The four main castes, in order of rank, are: (1) The Brahmins, the priestly and intellectual class; (2) the Kshatriyas, the rulers and warriors; (3) the Vaisyas, the common agriculturists, men of commerce, and artisans; and (4) the Sudras, the common laborers. Each caste has been divided and subdivided, until there are more than 2000 subcastes in the system. A fifth group is the outcastes (Paraiyans), or "untouchables," who are excluded from the regular temples and from all social intercourse with the members of the castes, except in the performance of menial labor. Elaborate rules exist for the conduct of the members of each caste, such as following their hereditary occupations and refraining from marrying and eating with members of other castes. During the past few years, with the political awakening in India, a strong native movement has developed to do away with many of the caste barriers. Mahatma Gandhi, renowned Indian leader of the twentieth century, instituted a powerful movement to abolish the system of "untouchables." Most Hindu leaders, however, are opposed to doing away with many features of the caste system, and some of them would not change it at all.

The principal theological belief of Hinduism centers around one great deity, Brahma, who is the "Soul of All Things" and the "essence

of all life." The Hindus also worship Vishnu, the Preserver; Siva, the Destroyer; and a number of other gods and goddesses. The supreme achievement of any Hindu is to be absorbed into the spirit of Brahma, to accomplish which he must give up all earthly desires and connections.

Closely related to a reunion of the individual soul with Brahma is the belief in transmigration of souls and reincarnation. Until the soul of a person reaches Brahma, it will be incarnated in various forms of life, depending upon how the person formerly lived. If he lived according to the principles of Hinduism, the soul may be reincarnated into the body of a member of a higher caste. If he was selfish, broke caste rules, or ignored religious rites, the soul may be reincarnated into the body of a member of a lower caste, an outcaste, or even an animal. Thus, Hinduism is individualistic in the extreme. Each person is responsible for his own actions, and the fate of his soul in its next existence is determined entirely by the total result of his works or deeds. This law of action and reaction is called the law of Karma. In a sense, Karma is the belief that "what a man sows that shall he also reap"—not necessarily in this lifetime but in some future existence. It is the Hindu's eternal moral code.

Throughout India, innumerable temples and shrines are maintained for the purpose of worshiping local and general deities. Although daily ceremonies and elaborate rites at the time of important festivals are carried on in the temples, the devotions are primarily individual. Pilgrimages to holy places, such as rivers, mountains, and cities, are also a part of the religious activities of the people, and thousands of Hindu followers make pilgrimages to these holy places each year.

Contact with Western cultures in the late nineteenth century and in the twentieth century has affected religious belief in India. Many young people have studied abroad and have returned to India with new viewpoints and ideas. As a result of their leadership and that of other Indians, social attitudes have changed in a number of the Hindu sects.

Buddhism

Among the great religions of the world, Buddhism was the earliest to spread beyond national boundaries. It originated in India, and for centuries the teachings of Buddha were popular among the Indian people. Today, however, most of the followers of Buddhism are in China, Japan, Java, Sumatra, Thailand, and Ceylon.

Gautama Buddha (c.563–483 B.C.) was the founder of Buddhism. The Enlightened One, as he is known to his followers, was seeking a way for the individual to save himself from a world full of misery. Buddha renounced the caste system of Hinduism and taught that a man must be judged primarily by his moral character rather than by his heredity and status.

According to Buddhism, one achieves happiness through a life of right living. In accordance with the law of Karma, retained from Hinduism, the individual is responsible for his condition in life. By right living, he will attain deliverance from the Wheel of Birth and Rebirth (transmigration) and achieve Nirvana. Nirvana, to the Buddhist, is the "highest happiness," the blissful state of mind where one has no desires and no interest in earthly affairs. As taught by Buddha and his immediate followers, Nirvana seems to mean a peaceful end, without fear or the desire of rebirth—the highest conceivable freedom from all disturbances. Nirvana is the final emancipation of the soul from transmigration. To the Buddhist, right living may be attained by accepting The Four Noble Truths and by following The Eightfold Path. The Four Noble Truths are the existence of suffering, the cause of suffering, the removal of suffering, and the means or remedies for the removal of suffering. Suffering may be removed by following The Eightfold Path, which consists of Right Understanding, Right Resolutions, Right Speech, Right Acts, Right Way to Earn a Living, Right Efforts, Right Thoughts, and Right State of a Peaceful Mind.

Although Buddha himself did not advocate a deity, in the course of time he has come to be worshiped with more numerous and larger images than have existed for any other god or man in world history. Buddhism does not have a priesthood with special powers and privileges. It stresses the transformation of individual character by self-denial and suppression of all desire. Buddhists regard the world as evil, yet they have no compelling urge to improve society or to make the world a better place in which to live. The individual wishes to be spared from having a part in the evil practices and the desires of the world.

Shinto

Shinto, or the "Way of the Gods," is Japan's original religion. The characteristic cult practices and beliefs were in the ancient tribal faith and have been observed by the Japanese from time immemorial. The term *Shinto*, however, came into use only after the

introduction of Buddhism into Japan in the later part of the sixth century, and it was evidently created to distinguish the native cult from the "Way of Buddha." In its earlier existence, Shinto as a religious system appears to have been nameless.

Shinto was for centuries the state religion of Japan. Historically, it stressed the belief in the divine origin of the land and the emperor of Japan, thus serving to unify the people and to consolidate them in support of the emperor. The constitution adopted following World War II abolished Shinto as a state religion. Furthermore, the emperor renounced his claims to divinity, thus eliminating emperor worship from the religious ceremonies. Shinto, however, was not abolished as a national faith, and it has continued as a religion among the Japanese. The constitutional provision changed only the organization of the religion and made little change, if any, in the operation of the cult in fostering sentiments of loyalty and patriotism or in the religious practices and ceremonies of the Japanese. At present, Shinto has a large number of sects and subsects, large and small, national and local, all of which are essentially combinations of nature and ancestor worship. Shinto is tolerant of other religions: many Buddhists also worship at the Shinto shrines.

Islam

Islam originated in Arabia in the seventh century A.D., with Mohammed as the founder. The term *Islam* means "submission to faith," and the "one who has submitted" is known as a Moslem. The Arabia of Mohammed's time was inhabited by wandering tribes emerging from a state of semibarbarism. The two main centers of settlement were Mecca and Medina. Idol worship was popular among the Arabians, and Mecca was their sacred city. Located there was the shrine known as the Kaaba, which housed a sacred black stone and the images of many local deities. The Arabians were acquainted with the doctrines and practices of Judaism and Christianity but had not adopted the religious beliefs of either. Mohammed had some knowledge of these religions, his occupation as a trader having thrown him in contact with both Jews and Christians.

Mohammed formulated his religious views in Mecca, but he was forced to leave that city because his doctrine that there is but one God, Allah, and his denouncement of all other gods and of idol worship were most unpopular with the Meccans. His flight from Mecca to Medina, called the Hegira, occurred in 622 A.D., which the Moslems consider the year One, marking the definite organiza-

tion of the new religion. At Medina, Mohammed made himself a temporal ruler as well as a spiritual leader, and from there his religion was spread by force. Mecca was conquered and became the political capital and the Holy City of the Islam faith. At the time of Mohammed's death (632 A.D.), all of Arabia was under his control, and his plans to spread his faith were carried forward by the leaders who followed him.

The central tenet of Islam is the belief in one God, Allah. The *Koran* is the holy book of Islam, and because it is the Word of Allah as revealed to Mohammed, His prophet, it is considered the final authority by orthodox Moslems. Moslems also follow the *Sunna*, traditional accounts of the sayings and activities of Mohammed, his family, and his close companions. From the *Sunna*, Moslems have formulated many rules for the guidance of life. Mohammed claimed only to be a prophet. His religious beliefs and teachings have influenced millions of people, but he has never been worshiped as a god. Islam has neither a priesthood nor a sacramental system. Any Moslem who proves himself worthy may conduct a religious service. Usually, however, the *imam*, a recognized leader, offers the public prayers and conducts the service on the Moslem Day of Assembly (Friday).

A Moslem has five essential duties. First, each day he must repeat the creed: "There is no God but Allah, and Mohammed is the Prophet of Allah." Second, he must offer prayer, directed toward Mecca, five times daily. Third, he must observe a fast during the daytime in the ninth month of the Moslem year. Fourth, he must give alms to the poor. *Almsgiving receives special emphasis.* As taught by Mohammed, it means spontaneous generosity from a natural desire to give, and the principle has been followed with amazing consistency all through Moslem history. Fifth, the Moslem must, "if he is able," make at least one pilgrimage to Mecca, the Holy City of the Islam faith.

At present, Islam prevails in North Africa and southward in Africa along the east coast to the equator. Arabia is entirely Moslem, and many people in Syria and Iraq profess Islam as their faith. Turkey has discarded it as a state religion, but most Turks are Moslems. It exists also in Pakistan, the Malay States, East India, and some parts of China. There are about 350 million Moslems in the world today—approximately one-seventh of the world population.

Judaism

Judaism, or the Jewish religion, has its origin in the religious traditions and historic experiences of the ancient Hebrews, a Semitic people who claimed Palestine as their national home. From this background and the teachings of the Hebrew prophets of ancient times, there gradually developed a monotheistic religion, which eventually influenced two other great religions—Christianity and Islam.

The cardinal principle of Judaism is the belief in one God, Jahweh (Jehovah), Creator, Ruler, and Savior of the world who inspires man to a life of holiness through self-sacrifice, love, and justice. Another basic belief is that the world is good and that man is capable of perfection. Emphasis is placed upon good works as well as upon belief, and the Jews are to be not only faithful in carrying out religious ceremonies but also in ordinary daily living.

The sacred scriptures of Judaism are three groups of documents known as The Law (Torah), The Prophets, and The Writings. These documents contain a record of the early Hebrew people—their struggles, disasters, and successes—and the prophecies of the early Hebrew prophets. Rearranged into thirty-nine books, the documents also make up the Old Testament of the Christian Bible and provide the historical background of Christianity. The *Talmud* ("teaching") is a practical guide for right living in accordance with the will of Yahweh and to the followers of Judaism is second in importance only to the sacred scriptures. It contains the scholastic writings of Jewish Rabbis in the third, fourth, and fifth centuries A.D. The *Talmud* contains not so much what man is to believe as what man is to do, and its content has been described as "a way of life rather than a form of belief." Almost every act of daily life is dealt with—not only matters essentially religious but also civil matters, hygiene, astronomy, folklore, medicine, science, archaeology, and table etiquette.

At present, there are about 16 million Jews, with about 60 per cent of them located in Europe, about 30 per cent in North America, and the remainder in other areas of the world. In 1948, Israel—formerly Palestine—was recognized as an independent Jewish state.

Christianity

Christianity was founded on the teachings of Jesus of Nazareth, who preached in and around Jerusalem, the Holy City of Judaism.

Mingling among the poor people, He presented His beliefs in simple language and by parables based upon the everyday experiences of His listeners. His philosophy had a great appeal to the underprivileged because the Judaism of the time had become formal and more interested in religious rites than in the needs of man. His teachings stressed the supreme value of human personality and service as the only possible way to serve God. Thus, Christianity started as a religion of love and of human service, and it has been accepted by people of many nations largely because of these characteristics. It advocates justice for all people and for all races and proclaims ideals of love and mercy for delinquent, dependent, and defective persons.

At first Christianity had few converts, but it gradually spread from Palestine, where Jesus had preached, to other areas of the Mediterranean world. From this beginning, and in the face of great adversity, Christianity developed into an international religion. The missionary activity of St. Paul was in part responsible for the early growth of Christianity among the people of the Roman Empire. The stress on personal salvation and equality of men had wide appeal, and in time the Romans made Christianity their state religion.

During the lifetime of Jesus, His religion was distinctive for its simplicity. He gave little attention to the development of a doctrine or a creed but emphasized a way of life based upon personal righteousness, humility, love of fellow men, service to others, and personal communion with a loving God. After His death, there arose differences of opinion about His teaching. Some converts, especially the Greek scholars, wanted the teaching of Jesus explained and systematized. As this process went on, the divinity of Jesus as Christ was stressed, and His death was accepted as an atonement for man's sins. All Christians believed in a God who was the creator of the universe, in personal salvation, and in rewards and punishment after death. Controversies, however, arose over many other doctrines and caused bitter conflict among church leaders for centuries.

In time, the church came to be considered the essential intermediary between God and man. It alone could interpret the teachings of Christ, and the individual could secure salvation only by membership in the church. Certain ceremonies, known as sacraments, were created as means by which the individual might secure salvation. Ecclesiastical penalties, such as excommunication and

interdict, were also established to insure the authority of the church over matters of faith. The church service became more elaborate and ceremonial in nature, far removed from the simple, plain service of the early church.

For a time, the administrative organization of the church was very simple. The early Christian congregations met in the homes of their members, and no clear distinction was made between the laymen and the clergy. *Each individual church had certain officials whose functions were mainly to preside at services and to discipline the members.* Such an organization was sufficient as long as the doctrine and the creed of the religion were simple. As they became more complex, a trained priesthood seemed to be essential to interpret the theology of the church, and a hierarchy of clergy developed. The organization of the church followed the administrative system of the Roman Empire. Distinct geographical districts were formed for the purposes of conducting church affairs and for attaining uniformity in religious beliefs. A high-ranking member of the clergy was placed in charge of each district.

The rise of the papacy was an important development in church organization. When the organization of the church was in the formative stage, the bishop of Rome, as the official of the patriarchate (church administrative unit), was no more important than the bishops of other patriarchates. For a number of reasons, however, he came to be recognized as the leader for other areas as well as his own, and he assumed the title of pope. At first, not all churches in the widely spread church organization accepted his leadership; it was especially resented in the patriarchates of the eastern part of the Roman Empire. In time, however, the papacy was accepted as the principal office of the Christian Church in Western Europe, and the various popes became extremely influential in both religious and secular affairs of that region.

THE PROTESTANT REVOLT

After the fall of the Roman Empire in the fifth century, the Christian Church was especially influential in European society. The unity of the church was broken in the eleventh century, when the Eastern section separated from the Western section—a separation which exists today. This separation came after years of differences among church leaders over religious theology and the leadership of the pope. Actually, the basic causes of the separation were

centuries old and amounted for the most part to deep-seated cultural differences between the two geographical areas. The Eastern, or Orthodox, Church dominated religious activities in Eastern Europe, and the Roman Catholic Church became an international church exerting powerful influence throughout Western Europe, reaching its peak in power and influence in the Middle Ages. This period in history is often referred to as the "Age of Faith," a description indicating the attitude of the people of that time toward religion. During this period, the Roman Catholic Church not only dominated the spiritual lives of the people but also largely determined the course of secular affairs, such as maintenance of order, preservation of learning, and encouragement of trade. Its authority was recognized throughout Western Europe, and practically every person was born into the church and remained a member for life.

In the sixteenth century, the influence of the Catholic Church was lessened by the movement known as the Protestant Revolt, or Reformation. This movement resulted in a division of Western European religious belief into two great groups—Catholic and Protestant. Many complex causes brought about the decline of the medieval church. They are to be found both within the church itself and in the changing social order of Western Europe. The church could no longer wield its control and power over the changing society. The most important changes affecting the established medieval social order were the growth of nationalism, the rise of national states, the development of trade and commerce, and the spread of Renaissance learning. All of these developments contributed to a powerful current of individualism among the people. Thus, the Protestant Revolt did not develop as an isolated phenomenon; it was the religious phase of an over-all movement in European society in which the decline of feudalism, the rise of national states, the Commercial Revolution, and the Renaissance were interconnected.

The movement was started by prominent church members who desired reforms in certain practices of the church. The reform movement developed into revolt and secession from the church. The most obvious effect of the Protestant Revolt was the creation of new religious sects, such as Lutheranism, Calvinism, and Anglicanism. At first, the new Protestant doctrines did not differ in many respects from those of the Roman Catholic Church. The Protestant sects, however, repudiated the authority of the Roman Catholic Church and its claim to an exclusive control over the means of salvation.

The members of the new Protestant churches claimed for themselves the right of private judgment in religion. Although the Protestant sects continued to rely fundamentally on the Bible as the inspired, infallible authority in matters of faith and morals, they proclaimed the right of each individual to interpret the Scriptures in his own way. In its nonreligious aspects, the new Protestantism gave sanction to the national states and to the commercial practices of the time, such as interest on loans and profit-making, which the Roman Catholic Church had attempted to prohibit.

RELIGION IN THE AGE OF ENLIGHTENMENT (EIGHTEENTH CENTURY)

The Protestant Revolt fostered in turn a Catholic counterreformation. Protestantism and Catholicism fought for supremacy during the sixteenth and much of the seventeenth centuries. Persecution, bigotry, and bloodshed were paramount wherever Protestantism and Catholicism clashed. Political and religious developments were interrelated, and the political rulers used the so-called religious wars to increase their power both within the nation and abroad. By the middle of the seventeenth century, the development of strong national states and of trade and commerce had changed the political and economic phases of European society. *These changes in turn led to outstanding changes in the intellectual, artistic, and scientific phases of the culture pattern.*

The period beginning in the late part of the seventeenth century and lasting through the eighteenth century is referred to as the Age of Enlightenment, or the Age of Reason. During this period, faith was pushed into the background, and reason was regarded as the best source for determining an individual's actions. The exaltation of science and reason and the belief in humanitarianism led the intellectuals of the eighteenth century to examine aspects of society. Those that did not measure up to their standards, which were based on a scientific, rational attitude, were attacked vigorously. The intellectual leaders particularly attacked the intolerance, superstition, bigotry, and highly formalized religious practices of both Protestants and Catholics. They believed that traditional Christianity was incompatible with the new scientific thinking, though they did not advocate the rejection of religion as a social institution. They were interested in developing a simple, natural religion to replace the highly organized religious practices that existed. The

typical religious philosophy of the period was *deism*. The deists declared that religious theology and practices should not be formulated exclusively by the organized churches but by the individual himself.

Deism was formulated around the following beliefs: (1) There is one God, an impersonal Force of scientific law, who ordains the natural laws that control the universe; (2) this God created the universe, but once having made it, He did not and does not intervene in the affairs of man; (3) man must rely on reason to solve his problems and those of the social order; ceremonies, prayer, sacraments, and ritual are superfluous, since God does not intercede. The deists believed that all religions should incorporate these fundamental beliefs into their creeds and reject or minimize all other practices.

Evaluations of the worth of deism have differed. Some critics believe that the deists offered little to replace the traditional religious practices which they attacked, and that the deistic movement destroyed reverence for the established churches of the time and fostered indifference to religion. Others contend that the "natural" religion of the deists made a permanent contribution to liberal thought by introducing the idea of human reason and experience into religious thought. They also argue that the movement did much to dispel superstition and illogical restraint in the religious thinking of the Western world.

Deism undoubtedly produced more tolerant clergymen and encouraged moderation and common sense in religious beliefs. Its ideal of religious freedom was an important step in the ultimate separation of church and state. It provided a driving force for the eighteenth-century reform movement. The intellectual protest against intolerance, oppression, and cruelty carried over into agitation for prison reform and for the abolition of slavery. The humanitarianism implied in the deistic opposition to oppression was reflected also in eighteenth-century educational thought, particularly in the movement to provide schools for the common people.

Tolerance in religious beliefs gradually replaced intolerance and emphasis on religious dogma. Tolerance in religious attitudes developed primarily because of the changing social order. Material prosperity was becoming increasingly important to the governments and people of Europe. Interest was shifting from matters of faith to worldly pursuits. People came to think that the effort spent in religious conflicts, such as the devastating religious wars of the sixteenth and seventeenth centuries, might well be directed toward

economic activities, and that the different religious beliefs of men need not be a reason for avoiding economic contacts with them. Furthermore, eighteenth-century thought concerned itself with many phases of the culture, especially with the new science that resulted from the development of inductive thinking. Each new discovery contributed to the modification of old beliefs and obsolete prejudices, and new ideals gradually supplanted the old. The change was neither sudden nor violent, but each generation of people became more self-confident. No longer did the educated people believe that man was a miserable creature, to be condemned because of his corrupt nature unless he were saved by the intervention of organized religion. Rather, the realization grew that an individual could lead *a moral life and be a good citizen regardless of his faith*. As a result, nations in Western society repudiated the idea of conformity to the established religion of the nation as essential to its welfare; and in time church and state were separated.

RELIGIOUS TRENDS IN THE UNITED STATES

Separation of Church and State

The religious motive was paramount in the colonization of the New World. Both Protestant and Roman Catholic missionaries worked among the Indians to bring them into their faiths. Many English colonists migrated to the New World to find a haven of refuge in which they might worship according to their beliefs without fear of persecution.

Nevertheless, religious controversies developed within some of the English colonies, and in those colonies intolerance and religious persecution were common. *Some of the colonists apparently had forgotten that they had come to the New World to escape the very practices they subsequently followed.* Many of the leaders of the dominant religious sects insisted that the people conform to their particular religious beliefs, and they considered nonconformity to the established church a threat to the welfare of both government and religion. This situation was of particular significance in establishing a revolutionary achievement in the colony of Rhode Island, which was founded by a minister, Roger Williams, and a small group of his congregation. In this colony, church and state were separated. Williams established his colony on the principle that each individual should be allowed to worship according to his own conscience and that governmental authorities should not persecute him because of

his religious faith. Most of the colonies, however, did not follow the precedent set by Rhode Island. At the outbreak of the American Revolution, nine of the thirteen colonies had churches which were supported by tax funds.

Independence from England brought religious adjustments in American society. Religious freedom, as a natural consequence of political freedom, made steady gains. The union of church and state was attacked. In general, the movement to separate church and state was more successful in the South than in the New England States, where the struggle lasted into the nineteenth century. The First Amendment (1791) to the Constitution of the United States had forbidden Congress to pass a law "respecting an establishment of religion, or prohibiting the free exercise thereof," but it was not until 1833 that all the States had attained complete separation of church and state.

Reorganization of systems of church government also took place after the Republic was formed. The various religious sects in the new Republic freed themselves from European control and developed their own systems of organization.

Loss of Functions of the Church

In the United States, the separation of church and state was part of a trend which lessened the influence of organized religion in certain phases of the culture pattern. Many nonreligious functions of society which had been performed almost exclusively by the churches in the past are now exercised by other social agencies as well. *It was pointed out earlier that formal education is now largely supported by funds from public taxation rather than by funds from religious denominations.* Aesthetic activities of the culture have been increasingly secularized. Painters, sculptors, and composers use fewer religious motifs today than they did in the nineteenth century.

Although churches still perform some public welfare and social service work, the state has increasingly taken over such responsibilities. By providing insurance for old age, sickness, accident, and unemployment and also funds to care for the poor, society is less dependent upon organized religion for such services. Some services formerly provided by churches are now being given by such social agencies as the Red Cross and those promoting care and treatment of people suffering from heart diseases, cancer, cerebral palsy, tuberculosis, and infantile paralysis. Industrialization and urbanization have been accompanied by an increased interest in entertain-

ment and recreation that has led people to spend more of their leisure time away from church activities. Therefore, leisure-time activities previously sponsored by churches now are provided also by other organizations, such as clubs, associations, occupational groups, and recreational agencies which have no religious sponsorship.

Churches, of course, continue to perform many nonreligious functions. "Loss of functions" means not complete loss but rather a sharing of functions with other social agencies and a lessening of the influence of churches in certain areas of the culture. In some instances, churches have broadened their programs to meet conditions in a changing society. For example, entertainment and recreational programs have been expanded to meet the competition of commercialized entertainment and recreation. The rural church continues to be important in community affairs and to furnish much of the social life of its congregation. The church has continued to be important also in the field of social welfare. Religious groups employ thousands of church social workers and maintain numerous health and welfare institutions, such as homes for the aged, children's institutions, workshops for the handicapped, hospitals, and clinics.

The shift of social functions from the church to other institutions in society does not mean that moral, ethical, and philosophical elements have been eliminated from those functions. Society has recognized that ethical practices are involved in the performance of many of its institutional functions. The church, for its part, has realized that its officials need secularized knowledge and that it must revamp its program if its moral teaching is to be effective in twentieth-century society.

Some persons have expressed the opinion that organized religion will disappear. With many of the major religions in the world now more than a thousand years old, this result seems unlikely. The view that religion will disappear overlooks the fact that religion alone still fills many basic needs of the individual. Science has provided an increasing knowledge of the universe, but at the same time it has contributed to an increasing sense of instability. Religion provides a measure of understanding of a different type than science can produce—a feeling of human participation in the universe, a feeling of security, and an explanation of the unknown. All of these remain basic human needs not met by the vast increase in secularized knowledge.

Social Teachings of the Church

In the United States, both the Catholic and the Protestant churches have shown considerable interest in social matters. As early as 1891, the Roman Catholic Church gave attention to the social function of religion in an encyclical stating the position of the Church on labor. The Protestant Episcopal Church, ten years later, was the first Protestant denomination in the United States to give official recognition to the importance of this subject when its general convention appointed a commission to study the working conditions of the laborer. In 1908, the General Convention of the Methodist Episcopal Church formulated a Social Creed that was later adopted in substance by the Federal Council of the Churches of Christ in America and has been generally known as the Social Creed of the Protestant churches. In this Creed were such proposals as the eight-hour day, one day's rest in seven, a living wage, abolition of child labor, regulation of labor for women, suppression of the sweatshop system, and protection against accidents and industrial diseases.

Later pronouncements were made by various church bodies. In the 1920's, an encyclical of His Holiness Pius XI, *Reconstructing the Social Order*, dealt with the position of the Roman Catholic Church on such matters as capital, labor, workingmen's unions, the power of the state, obligations of ownership, the right of property, a just wage, and social conflict among classes. From time to time, the Federal Council of Churches of Christ in America has stated its social ideals in relation to such issues as the profit motive, women in industry, collective bargaining, child labor, agricultural problems, the uses of liquor and drugs, penal reform, class conflict, war, and free speech. In the 1920's, the Central Conference of American Rabbis issued a *Declaration on Social Justice*, which expressed views on such subjects as distribution of profits, minimum wages, working hours, factory conditions, child labor, workmen's compensation, health insurance, collective bargaining, arbitration of industrial disputes, housing for working people, lynching, and immigration.

In 1948, the conference which established the World Council of Churches gave considerable attention to the social order. One of the resolutions of the Council declared that "the Christian churches should reject the ideologies of both communism and laissez-faire capitalism and should seek to draw men out from the false assump-

tion that these extremes are the only alternatives. . . . It is the responsibility of Christians to seek new creative solutions which will never allow either justice or freedom to destroy the other." This resolution has been the object of wide and sometimes bitter criticism by secular agencies in Western society.

The various pronouncements mentioned above indicate to what extent the different religious groups are endeavoring to apply their teachings to specific social issues.

Co-operation in Organized Religion

A trend toward religious co-operation in the United States, apparent for some time, has been especially evident in the twentieth century. One of its phases has been actual union between distinct religious denominations, but for the most part it has been a federative movement that has left the denominations intact. The reasons for the growth of unity and co-operation are many, but two are especially important. First, religious groups have realized that they have common purposes, such as social and moral reform, missionary activity, and world peace, which can be accomplished more successfully by co-operative effort. Second, the chaotic conditions arising from twentieth-century wars have challenged Christians to rise above the traditional differences separating them into denominations in an attempt to make Christian ideals more effective in life through co-operative planning and action. No attempt is made here to discuss all of the movements in religious co-operation, but examples are given which will enable the student to become acquainted with this trend in the United States.

As early as the mid-nineteenth century, the Young Men's and Young Women's Christian Associations were formed as nondenominational associations. For the members of these organizations, religious activity has meant wholesome recreation, social life, entertainment, service to others, and classes in a variety of subjects, rather than the inculcation of specific religious creeds.

The National Catholic Welfare Conference was organized in 1919 as a common agency to promote the welfare of the Catholic people of the United States. The stated purpose of the Conference is to unify, co-ordinate, and organize the efforts of Catholics of the United States in education, social welfare, immigrant aid, and other social and religious activities.

The National Conference of Christians and Jews, formed in the United States in the 1930's, has as its chief purpose the promotion

of understanding and tolerance among Catholics, Protestants, and Jews.

The Federal Council of the Churches of Christ in America, which was organized in 1908, was an outstanding example of co-operative effort among Protestant churches. By 1950, it included twenty-seven national denominations, with more than twenty-nine million members. The Council was formed to promote unity and to further the interests of its members not only in church affairs but also in activities of human welfare. Although the Council's primary concern was the spiritual life of its member churches, from time to time it formulated influential statements concerning the economic order, marriage and family relations, religious liberty, civil rights, relation of church and state, and international affairs. The Federal Council was active in assisting local communities to promote co-operation among churches, and by 1950 there were about 750 local and State councils of churches. In 1950, the Federal Council became a part of the new National Council of the Churches of Christ in the United States of America (see diagram).

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE U.S.A.

(Thirty denominations working together to serve more than 35,000,000 Christians through their 150,000 local churches.)

The Federal Council of the Churches of Christ
in America

The United Council of Church Women

The International Council of Religious
Education

The United Stewardship Council

The Foreign Missions Conference of
North America

The Missionary Educational Movement of
U.S. and Canada

The Home Missions Council of North America

The National Protestant Council on Higher
Education

National Council of the
Churches of Christ in the
U.S.A.

In November, 1950, the National Council of the Churches of Christ in the United States of America was formed. This organization was the result of nine years of planning by the religious leaders of various Protestant and Eastern Orthodox churches. The National

Council is composed of representatives from 25 Protestant denominations and 5 Eastern Orthodox bodies—a total representation of some 150,000 local churches, with about 35 million members. It is neither a denomination nor a church above churches, but a unified effort on the part of the religious groups represented to merge their work in such fields as evangelism, missions, education, social research, and relief. Eight separate agencies which had previously directed efforts along these lines have now given up their independent activity, and their work is co-ordinated under one agency. The accompanying chart indicates the separate agencies which have united to work together to promote unity in religious activities.

Another phase of the co-operative movement among Protestant denominations is the community church. By the mid-twentieth century, more than 2000 community churches had been formed in villages, towns, and cities throughout the nation. In the community church, two or more denominations, though retaining their own denominational connections, combine in worship service and other activities under one minister. The movement has been particularly strong in communities where small congregations have found it difficult to maintain organized religious activities. An example of this type of church is the United Church of Los Alamos, New Mexico, which was established in 1947. There eighteen denominations are represented in the congregation, and the United Church shares its chapel with the Roman Catholic and Jewish groups of the community.

Co-operation of Protestant churches through organic merger, or actual union, of church groups has occurred in some instances. Many of these mergers have been of different branches of the same religious denomination. *The following examples illustrate this type of merger.* In 1917 and 1918, the United Lutheran Church of America was established by the unification of the three Lutheran bodies—the General Synod, the General Council, and the United Synod of the South. Three other Lutheran bodies combined in 1917 to form the Norwegian Lutheran Church of America. In 1939, three Methodist bodies, the Methodist Episcopal Church, the Methodist Episcopal Church South, and the Methodist Protestant Church, joined together to establish the Methodist Church.

Mergers have taken place also between churches of different denominations. In 1930, the Congregational Church and Christian Church united to form the Congregational and Christian Church. The Reformed Church in the United States and the Evangelical

Synod of North America merged in 1924 into the Evangelical and Reformed Church. In addition, the central assemblies of the Congregational and Christian Church and of the Evangelical and Reformed Church have voted overwhelmingly in favor of a union between the two to form the United Church of Christ, which will come into existence in 1957.

In general, the Protestant churches in the United States support the World Council of Churches as a significant step in co-operative Christianity. In 1948, the World Council of Churches was formally organized at Amsterdam, the Netherlands, after a series of conferences begun in 1919. The conference at Amsterdam was attended by delegates of 148 Protestant and Orthodox churches from 42 nations. A few Protestant bodies which feared losing their independence did not send delegates, and the Roman Catholic Church sent observers but did not take part in the formation of the Council. The Russian Orthodox Church sent neither delegates nor observers. The constitution of the World Council has been accepted by more than 150 church bodies in 44 nations. The purposes of the Council are to express the degree of unity that now exists among the churches, to work toward closer unity by giving each church a better understanding of the faith and practices of the others, and to set up permanent agencies through which the churches may work together.

SUMMARY

Religion has had an important place in the lives of men for thousands of years. It has influenced not only individual life but also group life in such matters as marriage, the family, economics, education, recreation, government, law, and the courts.

We have discussed briefly the development and the tenets of seven of the world's twelve living religions. In many respects these great religions of the present are dissimilar, but they all provide ethical standards and a right way of living for their followers. Each has been influenced in its development by the history and customs of the people following the particular religion and by the personalities of its leaders.

Christianity, based upon the teachings of Jesus of Nazareth, gradually spread throughout Europe and in time became the state religion of the Roman Empire. After the fall of the Roman Empire in the fifth century A.D., the Christian Church was especially influential in European society. In the eleventh century, because of

the differences among church leaders over theology and the leadership of the pope (bishop of Rome), the church separated into an eastern section—the Eastern or Orthodox Church—and a western section—the Roman Catholic Church. The Catholic Church reached its peak in power and influence in the Middle Ages. In the sixteenth century, a movement known as the Protestant Revolt, or Reformation, divided the Christians of Western Europe into two groups—the Catholics and the Protestants. During the sixteenth century and much of the seventeenth century, Protestantism and Catholicism fought for supremacy. During the eighteenth century, tolerance in religious beliefs gradually replaced intolerance, and in time people came to believe that an individual could lead a moral life and be a good citizen regardless of his religious faith.

In the United States, many nonreligious functions of society which had been performed almost exclusively by the churches in the past are today exercised by other agencies as well as by the churches. Churches, however, continue to have considerable influence in the nonreligious affairs of society.

Religious co-operation among the Protestant churches of our society has been particularly evident in the twentieth century. In some instances, religious denominations co-operate in federated movements and in forming community churches, both of which leave the religious denominations intact. Sometimes religious denominations have merged into one denomination. In general, the Protestant churches in the United States support the World Council of Churches. The purposes of the Council are to express the degree of unity that now exists among the churches, to work toward closer unity, and to set up permanent agencies through which the churches may work together.

QUESTIONS

1. How does religion affect the life of a person? Of a group?
2. What influenced the religious beliefs of early primitive man?
3. Compare Confucianism and Christianity. What are the similarities and the differences?
4. What is the ultimate goal of Buddhism? In what ways does Buddhism differ from Hinduism?
5. Compare the three monotheistic religions—Judaism, Christianity, and Islam—as to main beliefs and religious practices.
6. What was the place of the church in society during medieval times? What were the causes of the Protestant Revolt?

7. Define deism. Why did it develop? How did it influence society in the eighteenth century?
8. In what ways has the church made adjustments to modern life?
9. How have co-operation and unity among church groups taken place? Give examples.

DISCUSSION

1. Could any society exist without a religion? Give reasons for your answer.
2. Define religion in your own terms. How would a primitive man's definition of religion differ from yours?
3. Why has Islam been called a "religion of the sword"?
4. How does the need for religion in modern times compare with that of the past?
5. What functions do you think the church should perform? To what extent and in what ways, if any, should it take on social, educational, and political functions?
6. What changes in religion are taking place in your community? Is there co-operation among the churches? If so, how do they co-operate and how effective is this co-operation?

TERMS

Caste system: In Hinduism, the rigid division of the people into social classes. The privileges or disabilities of each caste are transmitted by inheritance.

Commercial Revolution: A movement during late medieval and early modern times in which trade and commerce expanded from local and regional areas in Europe to various parts of the world.

Cult: A particular system of worship of a deity.

Deity: A god or goddess.

Encyclical: A letter addressed by the pope to all bishops of the Roman Catholic Church.

Excommunication: An ecclesiastical censure whereby a person is, for a time, excluded from the Catholic Church. It was a powerful weapon of the Medieval Church, for outside the Church there was thought to be no salvation.

Feudalism: The political arrangement prevailing in Europe during the Middle Ages.

Inductive thinking: Thinking which starts with observation of things

and seeks to reach generalizations about them through sampling, statistical methods, or experimentation.

Interdict: Excommunication applied to whole groups in a locality. When used by the Catholic Church in medieval times, all religious services and many of the sacraments were withheld.

Medieval: Pertaining to, roughly, the period between the fifth and sixteenth centuries A.D., the time in European history between ancient and modern times. This period is also referred to as the Middle Ages.

Sacrament: Any one of certain religious ceremonies distinguished in Christian rites as instituted or recognized by Christ. A sacrament is a visible sign which confers grace or divine life on those worthy of it.

Secular: Pertaining to subjects that are not religious, sacred, or spiritual in nature.

Theology: Religious knowledge and belief when methodically formulated.

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8 POPULATION TRENDS

Though frequently unheeded, a most significant change that occurs in all areas of the world is the rise or decline in the number of people. Ordinarily most of us do not think about population figures or the influences of population changes, but population specialists, though not always in agreement as to trends and principles, agree that population facts are important and that people should become population-conscious, since many social tensions are linked closely to population phenomena. For example, from geographical concentrations of population, known as urban areas, there has developed a way of life different from that of rural areas. Out of the problems arising in urban areas, social tensions have developed.

POPULATION ANALYSIS

Why are facts about population important? From the citizen of the United States comes the immediate reply that representative government is based upon a count of the people. The mere number of people, however, has more than political significance. Industrial, educational, and military leaders are concerned with population trends. The total number is but one of the two aspects of population. The other, the nature of the population, includes such factors as health, sex, race, and average age.

Malthusian Theory

One of the early studies of population is *An Essay on the Principle of Population*, published by Thomas Robert Malthus in 1798. The emphasis that Malthus placed upon the relationship between population and subsistence stimulated interest in population problems. Malthus' thesis was that the number of people tended to in-

crease faster than the food supply. His mathematical description stated that whereas population tended to increase at a geometrical ratio (1, 2, 4, 8, 16), the supply of food increased at an arithmetical ratio (1, 2, 3, 4, 5). Malthus pointed out that although war and disease reduced the rate of population growth, the reduction is not enough to prevent overpopulation, which he saw as the direct cause of poverty and misery. Although Malthus applied his theory only to certain areas, others have extended its application to the world as a whole.

At present, the Malthusian theory is applicable to some areas of the world but not to others. The principle does not apply to contemporary industrialized countries because it does not take into account scientific methods of increasing food supply. Science has greatly increased the yield per acre of basic crops, such as corn, wheat, and potatoes, and has improved livestock production. Improved transportation and inventions—for example, the combine, mechanical refrigeration, and the tin can—also have contributed to the actual food supply. Furthermore, Malthus could not foresee a trend which has taken place in highly industrialized countries—the decline in the birth rate.

Recent supporters and opponents of the Malthusian theory have gone to extremes in presenting their cases. Stressing the devastation wrought by floods, soil erosion and exhaustion, and war, some scholars claim that many areas may be unable to support a larger population. Fairfield Osborn says: "The once apparently inexhaustible natural assets of this continent are now little more than sufficient to support its own increasing population, and the reserves in the lands in the far corners of the earth are being drained through misuse."¹ At the other extreme, O. W. Willcox maintains that even such nations as England, Italy, and Japan, which have lacked agricultural self-sufficiency, can be developed to supply their essential needs for food and clothing in abundance from their own land.²

World Population Growth

Although the population within a given area may increase or decrease, for the world as a whole there has been only increase within the knowledge of history. Global population has swollen despite many setbacks, such as famines in Asia, the bubonic plague in Europe in the middle of the thirteenth century, and increasingly

¹ Fairfield Osborn, *Our Plundered Planet* (Boston: Little, Brown & Co., 1948), p. 143.

² O. W. Willcox, *Reshaping Agriculture* (New York: W. W. Norton & Co., Inc., 1934).

murderous wars. The total population of the world in the middle of the seventeenth century is estimated to have been about 500 million persons, or about the same as the estimated population of China today. The present population of the world is about 2½ billion persons.

The present world population differs from that of previous centuries in four ways: (1) There are more people; (2) a greater percentage of these people are living in cities; (3) the total population has a larger percentage of old people; and (4) the rate of increase in population is greater than ever before. The rate of increase shows a more or less steady rise.³

PERIOD	AVERAGE ANNUAL RATE OF GROWTH (per cent)
1650-1750	0.29
1850-1900	0.63
1920-1950	0.90

The increase in rate of population growth has forced social adjustments resulting from the other three population characteristics to take place with greater speed than would otherwise have been necessary.

Prior to the eighteenth century, the increase in population was relatively slow. The growth of population was kept in check by scarcity of food and other essentials and by disease. But the Industrial Revolution brought social changes which caused increases in both population and rate of growth. During the early part of the Industrial Revolution, this increase was due to a higher birth rate, better medical science, and the expanding food supplies resulting from specialization and new machines. During the last half of the nineteenth and the first half of the twentieth centuries, the total population of industrialized countries continued to increase, largely now because of a declining death rate.

The decline in the death rate is not accidental. Great strides have been taken in the last hundred years in applying the findings of science and technology to improve the health of human beings. The congested, evil-smelling, unsanitary, fire-trap towns and cities of the Middle Ages have been improved by the introduction of sanitary engineering, water purification, and quarantine laws. Curative and

³ Adapted from United Nations, "Population Bulletin," December, 1951, p. 2, and Kingsley Davis, "The World Demographic Transition," *Annals of the American Academy of Political and Social Science*, CCXXXVII (January, 1945), p. 3.

preventive medicine have saved more and more lives. Babies born today have an increasingly greater chance to live, and to live to an older age than ever before.

Population Relationships

Science and technology have brought about an increasing world-wide interdependence, so that the population situation in one area may influence that of another area. The direct effect which population may have in international relations may be seen in the economic field. In Japan, the large and very dense population constantly competes for scarce jobs. The fact that the number of people exceeds the number of jobs forces the price for labor to a low level. The finished product, therefore, has a lower price and can be sold on the world market for less than can goods produced in areas where there is less competition for jobs. Tariffs have been used to offset this difference in price, but even so the cotton farmer, textile worker, and consumer in other countries are all brought under varying economic pressure by the dense population of a distant land.

The political relationships between nations are based to a large extent on economic factors, which in turn are directly tied to population. In the 1930's, Germany's demand for *Lebensraum* [living space] and the Japanese slogan "Asia for the Asiatics" reflected the economic growth of these countries and their need for raw materials. Both countries also felt that they had sufficient populations to carry on a war to expand the ideologies of the authoritarian state. Each was carrying on a conflicting program—urging an increase in population to provide men for its armies while crying to the world that it lacked room for its people.

The present rate of population growth is not the same for the Western and Eastern areas of the world. It has been noted that industrialization results in a decreasing birth rate and a slowing down of population growth. In Asiatic countries, however, the spread of industrialization has not been sufficient to influence the birth rate. Thus Asiatic countries are increasing in population more rapidly than American or West European countries. A little more than half of the present world population now resides in Asia. It is estimated that by the time industrialization and science begin to stabilize the population of this area, Russia, India, and China will have a combined population of three billion persons, while the Western world will have remained near its present size. Even if the changes are not so drastic as this estimate indicates, the shift in

political and military prestige which a large population and industrialization can effect would indicate that Western culture may be in danger of losing its leadership in world affairs.

Population and Welfare

Estimating the welfare of a people by referring only to the number of inhabitants per square mile or acre is not very accurate. To see the fallacy of the assumption that a few persons in a large area automatically means high personal welfare, one need only consider the Tasmanians. Before the advent of the white man, they possessed little clothing and only the crudest of shelters, though every person had approximately ten square miles of land for his support. The opposite assumption, that many people in a small area means a high standard of living, can be just as erroneous, as conditions in China or India, which have dense populations, prove. The reasons for the well-being of any people include certain other factors, as well as total population and land area. For example, natural resources, such as coal, iron, arable soil, climate, and water, play an important part in the development of a high standard of living. Nor do natural resources alone bring about increased well-being for the people. The American Indians, for example, occupied territories containing the same resources which now support a much higher standard of living than they achieved. Thus, the degree of technological and scientific development also becomes important. From small beginnings, such as the invention of the hoe, to great developments, such as the generation of electricity, steady progress has been made toward greater satisfaction of wants for those people who have developed science and technology. Effective social organization also plays an important role in enabling the population to make use of science and technology to develop the natural resources. Wars, revolutions, or intense internal conflicts cause deterioration of the standard of living despite a large population, scientific advance, and great natural resources.

Population Growth

The population of the United States has grown faster than that of Europe. From less than 4 million persons in 1790, our population has increased by more than 40 times to the present figure of approximately 165 million. Russia, by comparison, has about 50 million more people than the United States, but the density of population in this country is approximately twice that in Russia. Both

countries have grown with amazing rapidity, but the rate of growth in the United States has slowed to the point where it will take about 85 years to double the present population. If Russia continues at the present rate of growth, her population will be doubled in about 35 years. The principle that increasing industrialization causes decreased population growth is not yet applicable in Russia, presumably because the degree of industrialization is too small.

The phrases "rate of growth" and "increase in size" are two different concepts. The population of the United States has constantly increased in size, but the rate of growth (the percentage of gain a population achieves over a given period) has shown a long-time downward trend. In two decades of rapid gain, 1870 to 1890, the rate was 27.8 per cent. In contrast, the rate was 7.3 per cent from 1930 to 1940, and about 15 per cent from 1940 to 1950.

An actual change in the population of any country can be brought about only by (1) a change in the balance between the birth and death rates and (2) a change in the balance between persons leaving and entering a country. In these changes, four variables are involved—birth rate, death rate, persons leaving a country, and persons entering a country. Any one of these may affect the size of the population.

The great increase in population in the United States has been directly associated with the improvements in health and in the increased supply of necessities resulting from the development of science and technology. Other conditions and circumstances have also influenced the growth of population. In the first place, during most of the nineteenth century, many immigrants came to the United States. One of the incentives which attracted them was the liberal land policy. It was relatively easy to become a landowner and farmer and to gain security. This situation was favorable to settlement, to early marriage, and to a high birth rate. Furthermore, many of the immigrants were young adults of the ages when the rate of reproduction is high. Large families were characteristic of the culture of many of these immigrants.

In the second place, the many people who settled on scattered farmsteads in a more or less self-sustaining economy did not suffer from infectious and contagious diseases so much as did those in many of the older, more thickly settled countries. In Europe and Asia, the farmers lived in villages in which a source of infection, such as a contaminated well, was likely to spread a fatal disease over the entire community. The farmers in the United States lived

in more or less isolated homesteads, a fact which made it more difficult for disease to spread to all families.

In the third place, the United States had a distinctly rural population until the 1920's. The rural population has always had a high birth rate and a low death rate, resulting in a relatively rapid natural increase.

Birth Rate Variations

The birth rate of a given area is usually stated as the number of births per 1000 population. In urban environments of the United States, the birth rate differs according to economic status—the higher the income, the lower the birth rate. Since particular occupations are closely linked to certain income levels, it follows that birth rates reveal similar differentials. Thus, the families of unskilled laborers tend to have a high birth rate and the families of business and professional groups a low birth rate. A number of reasons may be responsible for these birth rate differentials. First, ambition is important in causing some people to forego children and to gain a desired occupational or status goal. Children require time, energy, and money, all of which may be needed to fulfill the ambitions for personal advancement. Second, the desire for a higher standard of living leads many people to satisfy this desire rather than to have children. Apparently couples with higher incomes desire to achieve ambitious goals, prefer to avoid the bothers of child care, and are unwilling to reduce their standard of living, whereas those with lower incomes are not so greatly influenced by these factors.

These, of course, are not the only factors influencing birth rate differentials. Another factor is the practice of birth control. Generally speaking, knowledge about birth control is less widespread among members of the lower-income groups than among the upper-income groups. Folkways and superstitions also may play a part in preventing the practice of birth control among the members of the lower socioeconomic groups.

Since the lower-income groups can offer children fewer educational, health, and other advantages, the difference in the birth rate among groups is not conducive to the greatest welfare of society. If one-third to one-half of all children in the United States are reared in families lacking some of the standard decencies and necessities of life, social problems inevitably will be created. At present, there are indications that the difference in the birth rate among the various socioeconomic groups is lessening.

Age Composition

In comparison with many other countries, the United States has had a relatively youthful population, with a high proportion of its inhabitants in the younger, employable ages. In this country as elsewhere, however, the age composition of the population has been undergoing modification for many decades. The proportion of total population in the younger age groups is decreasing, and the proportion in the older age groups is increasing. The trend toward an older population is shown by the rise in the median age of the population—that is, the age above and below which there are equal numbers of people. In 1800, half of the entire population of the United States was 16 years of age or younger. A century later the median age had risen to almost 23 years, and by 1950 it had reached a new high of 30 years. The percentage of persons 65 years or more of age also has increased in the twentieth century. In 1952, one out of every 12 persons—8.4 per cent of the total population—was in this age group. At the beginning of the twentieth century, only about one person in every 25 was 65 years or more of age.

The shift toward an older-aged population has been due primarily to three conditions. First, there has been a decline in both the birth rate and the death rate. With few exceptions, the decades before 1940 showed declining birth rates. During the same time, the death rate showed steady and continuous decline.⁴ Second, the average life expectancy has increased. A newborn baby today can expect to live, on the average, about twenty years longer than the child who was born in 1900. Third, decline of immigration has contributed to the aging of the population during recent decades. *Relatively few young adults have entered the United States since 1920*, while the many immigrants who had entered earlier have become older. Since these three conditions presumably will continue for some time, the outlook is for a continuation of the trend toward an older population.

Science, education, and preventive medicine have brought about a great increase in the life span. White female babies born in the United States in 1951 can expect to live on an average to the age of 72.6 years, and white male babies born the same year can look forward to 66.6 years of life. According to some estimates, about 10 per cent of the total population will be over 65 years of age by

⁴ From 1940 to 1950, the birth rate increased over that of 1930–1940, while the death rate continued to decline.

1970, as compared with 2.7 per cent in the year 1860. Thus, adjustments in social relationships to the needs of a larger older-age group will be necessary.

Because an aging population is a fairly recent social phenomenon, many of its effects have not yet become fully apparent. One of the results, however, is already noticeable. The demands for security in old age have increased, and legislation has already been passed to meet this increasing pressure. Insurance benefits, social services, and pensions for old people are now common in all States. An aging population also means a probable slowdown of social change. With advancing age the individual takes fewer risks and tends to cling to the *status quo*. The difference in attitude between the old and young can be visualized by calling to mind how an elderly person and a youth approach an ice-covered sidewalk. As the individual does, so the group tends to do. Some writers see in this imminent change in national outlook the danger that the United States may not be able to keep up with the more youthful nations, such as China, Russia, and India.

From an economic point of view, shifts in the production of goods and services will probably take place, since the buying habits of older persons are different from those of younger. This change will not be the only economic consequence of an increasingly older population. Providing opportunities for useful employment of older people is a social problem that will have to be met. At sixty-five years and older, many persons are still capable of working, and they prefer the demands and greater financial remuneration of a job to the boredom and limited income of retirement. Already there is a growing need for employment opportunities for this group. Arbitrary, forced retirement when a certain age is reached may be detrimental to the individual and is often a waste of productive labor.

Sex Ratio

Most large populations have about an equal number of males and females. More boy babies are born than girl babies, a difference that is offset by a higher death rate among the males. A youthful population, however, is likely to have a predominance of males. In contrast, an older population is likely to have more females, because this sex has a longer life span. The sex ratio of a group is usually expressed as the number of males per 100 females. For example, in 1910 the ratio reached an all time high in the United

States of 106:100, or 106 males for every 100 females. Until recently, the number of males had exceeded that of females. In 1945, however, the number of males dropped below that of the females for the first time in the nation's history, and in 1950 the ratio was 98.1 males per 100 females. This difference is even more pronounced in urban areas and among those people who are of a marriageable age. The change in the sex ratio in the United States has a number of causes, among them the decrease in the number of immigrants (most of whom were young males), higher infant mortality among males, the longer life span of females, and the greater losses of young men through war in the twentieth century. The social changes resulting from the increasing shortage of men are sometimes hidden and sometimes obvious. The campaign for complete equality of women in all fields—political, occupational, educational, and so on—is one of the more obvious results.

Migration

Migration can be considered from the point of view of the region which the migrant leaves or from the point of view of the region in which he settles. In the first case, *emigration* is the term used; it refers to the movement of people out of a region for settlement elsewhere. *Immigration* is the term used to describe the movement of people into a region for permanent residence.

Migration has been an important influence on the culture of the United States. Few barriers have restricted migration *within* this country and, until recently, *into* the United States. The relatively free movement of people has brought about cultural diffusion. Large numbers of immigrants have brought cultural elements to the United States from other areas of the world. By 1950, a total of about 40 million persons had entered this country for permanent settlement.

MIGRATION INTO THE UNITED STATES Immigration to the United States can be divided into two major periods on the basis of number and nationalities of the people involved. In the period preceding 1870, the majority of immigrants came from the northwestern countries of Europe. During this period, economic adversity and political oppression caused many people to migrate to this country. After 1870, the majority of newcomers came from Central and Southeastern Europe, and the number of immigrants increased decidedly over that of the previous period. Improved ocean travel

and the free land in western United States were two outstanding incentives for the large influx of people.

The United States was slow in formulating policies in regard to immigration. Before the national government placed any restrictions on immigration, several States attempted to prevent undesirable immigrants, such as criminals and paupers, from settling within their boundaries. In 1849, however, the United States Supreme Court ruled that the regulation of immigration was a power of the national government, and the State laws became ineffective.

The first national legislation regulating immigration was passed in 1875, when convicts and prostitutes were barred from entrance into the United States. In 1882 and subsequent years, other persons considered undesirable were placed upon the ineligible list—for example, paupers, idiots, imbeciles, feeble-minded persons, insane persons, persons having incurable diseases, Chinese laborers,⁵ laborers under contract to employers, persons advocating the overthrow of government and of the institution of private property, and persons over sixteen years of age who could not read in any language. By the time of World War I, there were thirty disqualifications for entrance into this country. This legislation was selective in nature, and it did not greatly affect the total number of immigrants. Following World War I, the total number of immigrants was restricted by limiting the number of each nationality that could enter annually. Since 1929, immigration has been restricted to about 154,000 persons annually, and quotas are allocated to the various nationality groups. Following World War II, a special law admitted a few displaced persons in addition to the regular immigration quotas.

MIGRATION WITHIN THE UNITED STATES Within the United States, there have been significant migrations. From the date of the first settlement along the Atlantic seaboard, the population of the nation has been on the move westward. By the close of the Revolutionary War, a considerable number of persons had penetrated the forests of the Appalachian and Allegheny Mountains and were claiming the territory immediately west for the new nation. The westward trek continued with such rapidity that by 1850 the original States had given more than two million people to the States between the Appalachians and the Mississippi River. By 1930, five million persons born east of the Mississippi were living west of that River.

⁵ In 1943, the restrictions against the Chinese were removed.

Substantial movements of people westward have continued since 1930. During the drought years of the 1930's, however, marked decreases in total population occurred in several of the Western Plains States.

Another major movement has been from the South to the industrial and commercial centers of the Northern States. Southerners

THE UNITED STATES BECOMES A COUNTRY OF CITY DWELLERS

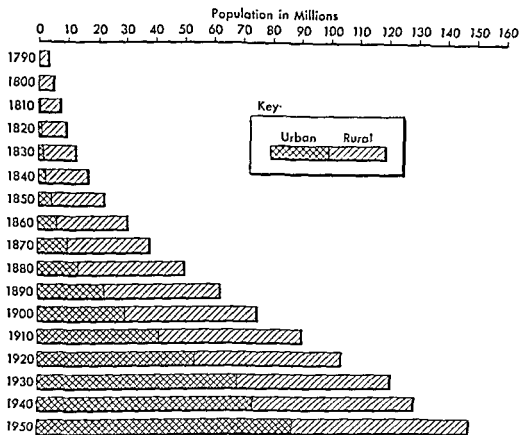


Figure 5. Rural and urban proportions of the population of the United States at census periods from 1790 to 1950. (Source: Bureau of the Census; adapted from Nelson, *Rural Sociology*, American Book Co., 1955)

moving to the North have outnumbered by three to one those migrating to the North from any other section. In recent years, there has been a large-scale migration of Southern rural Negroes to Northern cities. The attractions of higher incomes and the desire to escape racial discrimination caused them to migrate even during the depression years of the 1930's.

One of the significant movements during the present century has been to and from farms and towns and cities. In the decade 1920-1930, more than 19 million people left the farms and about 13 million people returned to farms, leaving a net urbanward migration of more than 6 million, practically all of whom were young people. During the first five years of the 1930's, migration to farms was considerable, largely because of the impact of the depression. During the last half of the 1930's, however, the migration resumed its former urbanward pattern, and the net migration to towns and cities numbered about 3 million during the decade. As business conditions improved after 1940 and World War II started, the urbanward movement increased sharply. Then immediately after the war—that is, from 1945 to 1948—there was a sharp upturn in the number of people moving to farms from nonfarm areas. By 1948, however, the main trend of migration was again toward urban centers, and for the entire decade, 1940-1950, the farming area lost more than 2½ million people. Thus from 1920 to 1950 the net annual loss of the rural farm area averaged about 400,000.

RESULTS OF MIGRATION When the immigration into an area is rapid and large, there is a cultural lag between the functioning of existing social institutions and the new requirements forced on those institutions. Health, economic, political, and educational facilities cannot be expanded quickly enough to give adequate service to all. Hardships increase for the older members of the community, as well as for the new arrivals. The established members blame the newcomers, and community disorganization sometimes results. The psychological aspects of migration also tend to lead to community tension. The migrant does not immediately belong to any community group whose standards he can respect and follow. He has broken customary ties and habits and does not fully accept the controls of the new environment. Under these conditions, crime and vice tend to increase.

Migration has played an important part in shaping our culture into one that is predominantly urban. Like the cultural heritage of most peoples, that of the people of the United States is rural. In the twentieth century, however, the total population has become progressively urban—in fact, metropolitan. In 1790, about 90 per cent of the total population was rural—that is, living in open country or centers of fewer than 2,500 people. In 1890, the proportion was 65 per cent rural, and in 1920 the census showed for the first

time a larger proportion of urban than rural people. In 1950, the population in urban centers was about 65 per cent of the total.

URBANIZATION

Cities have so long been a part of the culture of most nations of the world that the average person cannot visualize a life without them. Even those who do not live within the actual boundaries of a city are greatly affected by this kind of group life. The influence of the contemporary city on those not actually living there ranges from the single-faceted ethical and religious influence of such cities as Lhasa in Tibet and Mecca in Arabia to the many-faceted influence which urbanization has upon the farmer in the United States. The types of crops produced, the recreation engaged in by rural residents, and the farmers' habits and attitudes are all influenced by urbanization.

Historically, increase in population has been one of the reasons for the rise of urbanization. But increase in population has not been the only reason. Widening of trade routes, specialization in occupations, and improvements in science and technology have also contributed.

One of the bases for classifying groups as to whether or not they are urban is density of population. The city may be defined also by its geographical limits and legal status. In some instances, a city may include within its legal area many acres of farm land and many persons engaged primarily in farming. In contrast, cities are sometimes surrounded by densely populated areas which are a part of the city in every way except legally. Since a city may vary widely in its structure and functions, the territorial extent of its supporting region is not always easily determined. In its legal aspects, however, a city involves an area with defined boundaries, a name, a political unit, a form of government, and a legal status related to the State in which it is located.

But the city is something more than an area, a concentration of people, and a legal unit; more than conveniences, such as streets, electric lights, water systems, and transportation systems; more than institutional agencies, such as schools, churches, hospitals, and courts. Because people who live close together usually are interdependent, they develop distinctive social organizations and patterns of behavior. The city is also, then, a form of social organization involving a body of customs, traditions, and forms of inter-

dependence. The city exercises systematic controls which direct the behavior of persons in an orderly manner and protect the rights of the individual. Actually, the city is a particular way of life.

URBAN GROWTH

Economic Factors

Several circumstances and developments have contributed to the growth of cities during modern times. A remarkable stimulus was given to urban growth by the Commercial Revolution during the sixteenth and seventeenth centuries. The discovery of sea routes to America and the Far East contributed to making seacoast villages large centers of population, as men gathered to repair ships, engage in trade, process the new raw materials, build homes, and provide services for sailors and shipowners.

The Industrial Revolution and the subsequent industrialization contributed even more significantly to the growth of cities. In England, between 1821 and 1831 an unusual growth of cities accompanied remarkable expansion in textile manufacturing. Between 1841 and 1851, also a period of great growth of cities, numerous factories were built and coal and iron mines were developed in England and Scotland. As industrialization in Europe and the United States gained momentum, new labor-saving devices resulted in the shifting of many kinds of home and small-shop industries to the factory, thus encouraging the concentration of population in industrial areas. Steam power, the development of which was a feature of the Industrial Revolution, has had tremendous influence in developing the modern industrial town or city. The very nature of steam makes its use most economical when applied to large and concentrated manufacturing units.

The concentration of industry is not so essential when electric power is used. With its increased use, some industries have moved to smaller cities and even into rural areas. Thus although industry a century ago served as a stimulus to the centralization of population, it is now a significant influence in decentralization.

Agricultural advancement has been another important factor in urban growth. The Industrial Revolution has had its counterpart in the Agricultural Revolution, for farm production has been increased by the use of new machinery and new techniques. While the revolution in industry has expanded commerce and created a demand for more laborers, the revolution in agriculture has made it possible for fewer workers to provide food and raw materials for

more people. The use of scientific and technological methods in farming has lessened the need for farm labor. Thus the farm has helped make the growth of cities possible by providing both supplies and people.

Psychological and Cultural Attractions

Psychological and cultural traits have also been of considerable significance in urban development. Since the city is a place of much activity, divergent culture patterns, and frequent changes, it satisfies the interests of a great many people. Persons seeking adventure, excitement, self-expression, and recognition, as well as those wishing to "elevate" their standard of living with luxuries and comforts, are attracted. The advantages of schools, libraries, museums, theaters, art centers, and commercialized recreation have also drawn many to urban areas.

Population Sources

The change in density of population in an urban center is due to one or more of the following factors: (1) Migration to and from foreign countries; (2) migration to and from rural areas; (3) births and deaths; and (4) extension of the boundaries by legal incorporation. When, from 1900 to 1910, a period of rapid urban growth, the urban population increased by 11.8 million, foreign immigrants formed the largest part of the growth, with people from rural areas next. During more recent years, the chief sources of urban population increase have been the rural areas and the excess of births over deaths within the cities. Since 1920, restriction of immigration has reduced foreign contributions to our urban population growth.

Cities may grow in population by incorporating adjacent areas, sometimes with astonishing results. For example, El Paso, Texas, increased its population by 42 per cent when in 1949 it annexed 2½ square miles. Annexations sometimes occur because of a desire on the part of nearby residents for such public services as fire protection, sewage lines, and water supply. Also, the need for tax revenues may cause a city to annex outlying areas. In some instances, annexation is resented by residents who have moved outside the city limits to avoid paying high taxes.

LOCATION OF CITIES

Among the more fundamental reasons for the location and growth of cities in modern times has been the "break" in transportation. The

term *break* denotes an interruption in or stoppage of movement of goods sufficient to cause storage or transfer. The transfer may be a matter of shifting goods from one type of transportation to another, in which case the break is a mechanical or physical one. It may involve a change of ownership but not necessarily a shift in transportation facilities, in which case, it is a commercial break. Numerous kinds of agencies, equipment, storage, labor, and power are essential to handle the physical breaks in transportation. Commercial breaks require persons and organizations to make financial transactions. Thus, financial institutions develop to handle the trade. The more important the break in transportation, the greater the development of commercial enterprise and the need for workers.

Physical breaks in transportation are usually found at junctions between different types of transportation facilities, such as barge and truck, cargo ship and railroad, and railroad and airplane. A commercial break is also likely to occur at these points. Naturally, the importance of a break depends upon the quantity and value of goods transported. Nearly all the great commercial cities of the world are located at junctions of land and water. New York, San Francisco, and New Orleans are examples. Many great cities are located on estuaries of rivers; examples are London, Antwerp, Liverpool, Hamburg, and Bremen. A number of cities are located at a break between lake transportation and railways or canal transportation, or at a place where rivers empty into lakes.

Though breaks in transportation have determined the location of many cities in the United States, other factors also have been important. In the Midwest, many cities are located at convenient center points of surrounding rural areas. These cities provide shopping, religious, recreational, medical, and other services for the people of the surrounding areas.

Cities also are located at points where natural resources are found or at points where resources may be profitably combined. For example, an abundance of mineral resources influenced the founding and growth of Butte, Montana, and an excellent beach combined with a pleasant climate, of Miami, Florida. Pittsburgh, Pennsylvania, is an example of urban growth at a point where industry can profitably combine coal and iron ore.

Though any one of the three factors—transportation breaks, the need for goods and services, and location of natural resources—may have been basic in designating the original location of a city, the location of many American cities has been influenced by all three factors.

THE ECOLOGY OF THE CITY

The study of social life as it is related to the spatial distribution of persons and institutions is known as "human ecology." The location and distribution of persons and institutions in the urban community are not matters of mere chance but result from the operation of fundamental social processes.

Urban ecology is centered around three basic questions. First, *where are certain activities and institutions found within the geographic layout of the group? To what part of the city, for example, will one go to observe actual physical breaks in the transportation service? Where will the political institutions be found?* Second, the positions of various activities and institutions within one city having been determined, can these same elements be found in similar positions within other cities? For example, will the publishing industry, if located at the center of one city, be similarly located in most other cities? Third, do certain specific behavior patterns go hand in hand with certain environmental factors? For example, are suicide and juvenile delinquency found at a higher rate in urban or in rural environments; at the center of the city or at the fringes?

Zonal Analysis

A glance at the city might give one the impression that it is an area of confusion. Its pattern of growth and organization, however, is regulated and determined to a considerable degree by social and economic forces which are inherent in society and which compel a certain general uniformity. *Although no two cities have exactly the same structure, certain characteristics are found in most of them.* The ecologists first zoned a city (early research was done in Chicago) on the basis of specific physical and geographical features. Apparent features were used to identify each zone—for example, tall buildings, houses built closely together, abundance of trees and grass, and the like. When these features were grouped, it was found that they tended to form rather clear-cut concentric districts or zones making up the urban area.

The first zone is known as the central business district, or *center of dominance*. Here are the department stores, office buildings, governmental administrative offices, hotels, theaters, and restaurants. Lines of transportation come together at this center. In Chicago, this area is called "The Loop." Manhattan Borough, New York City,

has three such areas—"Uptown," "Midtown," and "Downtown." Relatively few people actually dwell in a central area, but a large percentage of the city's population moves in and out of it every day. The zone is the center of direction and control of the structure and activities of the entire city.

The area immediately beyond the business district, the second zone, is called the *area of transition* or *deterioration*. As the central district expands, this zone also pushes farther out. The transition area tends to be unstable. In it are found slums, coal and lumber

ZONES OF THE CITY

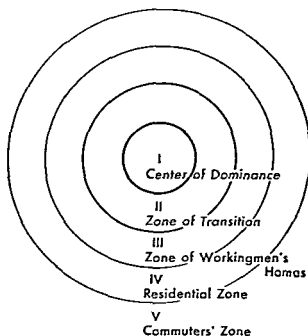


Figure 6

yards, tenements, social agencies, warehouses, and a dense rooming-house population. Rents in this area are generally low, though land values are high. The land is held for speculative purposes, since ultimately the area is likely to become a part of the central district as expansion occurs.

Beyond the area of transition is the third zone—the *area of workingmen's homes*. This zone is characterized by multiple family dwellings occupied by skilled and semiskilled workers, many of whom are second-generation immigrants. Rents are relatively low, but the area is more attractive than the slum area. Grass and trees

begin to appear, but the houses, though kept in better repair, are still not highly desirable as dwelling places.

The fourth zone is the *residential area*, occupied by the middle-class professional people, small businessmen, executives, and salesmen. Single-family dwellings are most in evidence. More houses have yard space, even though small, than in zone three. Both houses and yards are well kept. Quite a few apartments and residential hotels are found in the area. There are local business centers where the main lines of transportation intersect.

The fifth zone is the *commuters' area*, a suburban section located on the outer edge and often beyond the political boundaries of the city. In this zone are found costly single-family residences, as well as industrial plants. This zone and adjoining towns develop because of efficient means of transportation to the inner city, the desire of many workers to live away from the crowded quarters of the inner zones, and the decentralization of industries.

Naturally, the lines of demarcation between zones are not often clearly established; zones usually overlap or fade into one another. Cutting into these concentric zones are numerous linear and spot developments which do not fit the circular plan. This distortion of the picture is illustrated by industrial and warehouse construction along railroads and highways, by exclusive residential areas, and by suburban shopping centers. The basic circular pattern, however, is of considerable value in understanding the growth, development, and functioning of the American city.

Zonal Research

A study of behavior patterns in urban life indicates that there may be a close correlation between the various zones and certain types of behavior. One of the earliest studies was concerned with the distribution of juvenile delinquency.⁶ Delinquency rates were plotted on a map for square-mile areas within Chicago. When the five zones described above were fitted over the same map of the city, it was revealed that juvenile delinquency concentrated most heavily in the slum and central business districts and declined with increasing distance from the center. In a selected square-mile area in the slum zone, one-third of the boys between ten and sixteen years of age had been before the authorities. This is not to say that slums

⁶ Clifford Shaw, and others, *Delinquency Areas* (Chicago: Univ. of Chicago Press, 1929).

alone cause delinquency, but indications are that slums are a contributing factor.

When the families in a large urban area are analyzed according to the forms of family control outlined in Chapter 5, a homogeneity of form is found within the various zones. Zone one has relatively few families. Zone two is characterized by large families, which tend to be patriarchal when any family control is exercised. Little family solidarity, except among new immigrants, is found in this zone. Desertion by one parent is common. Zone three contains the workingman's family, also patriarchal, which tends to be larger than the average urban family. The democratic family predominates in zone four. In zone five, family control seems to be neither completely democratic nor completely matriarchal, but because of the frequent absence of the father, the matriarchal form of control is common.

The ecological studies described above, and many others, have served to reveal the value of research in the spatial distribution of people and institutions. Quite obviously, the relation of environment to personality development is close. Certain conditions in the physical environment develop or aid in developing specific behavior characteristics. For example, suicide rates are higher in urban than in rural areas. Such research studies reveal that society must take much of the responsibility for those who have had no opportunity to learn anything but disorganization from a disorganized environment. The individual in such an environment cannot be held entirely responsible for socially antagonistic behavior.

THE URBAN PATTERN OF LIFE

The mechanization of the city, the stratified and differentiated groups, the relatively formal and impersonal nature of social contacts among urban persons, and the emphasis given monetary values have combined to make social interaction within the city much a matter of cold calculation. Punctuality, precision, accuracy, and speed are emphasized. The organized activities of the city are geared to one another on a time basis.

Although these factors develop a type of routine process in the life of the urban person, his personal freedom is greater than that of the individual living in a rural area, where the individual is directed in his social activities by the rigidity of the mores and customs, and where he feels the group's standards and values imposed upon him so completely that he is likely to be forced into strict conformity by

public opinion. The city has its mores and conventional patterns of behavior, too, but the nature of urban life makes it more difficult to apply successfully rural methods in keeping the individual in line with accepted standards. The primary controls used by the family, neighborhood, and church are therefore less effective in the urban community than in the rural. Thus more formal, secondary methods, in the form of laws, ordinances, and police powers are used to control the activities of persons whose behavior would otherwise endanger the public welfare. Those who live in areas of anonymity, where community or neighborhood spirit is nonexistent, seldom show much interest in the activities of their neighbors, and the slight interest that is shown has little influence in modifying or controlling conduct. For instance, gossip, which is an effective means of control in a rural area, is of less significance in the large city. Consequently, one important attribute of city-life is an increase in the personal freedom of the individual.

SUMMARY

Consideration of the composition of and changes in population is important in understanding society, and many persons have been concerned about the relation between population and social processes and institutions.

Decline in the death rate and an ever-lengthening life span have contributed to the increase of the world population. These, in turn, have developed out of the cultural changes wrought by the Industrial Revolution and science. Since Asiatic countries are not as advanced scientifically and industrially as are the Western countries, they have not achieved as great a decrease in the death rate or as great an increase in the average life span, but their birth rate is higher than that of Western countries and their population growth is greater.

The number of people in a given area is not in itself an adequate indication of the welfare of those people. One must also know the degree to which science and technology have advanced, the resources available, and the effectiveness of social organization within the group.

In the population of the United States, there is a difference in birth rate among the different socioeconomic groups. Such factors as ambition, desire for a high standard of living, dislike of child care, and knowledge of birth control seemingly play a part in reducing

the rate at the higher socioeconomic levels. Significant changes in the population have taken place in age composition and sex ratio. The trend toward an older median age is due to decreased birth and death rates, a lengthened life span, and a decrease in the number of young immigrants. The sex ratio has changed so that now women outnumber men.

Our population is a migratory population. All except the Indians are immigrants and descendants of immigrants; and within the nation, migration is extensive. Since the 1920's, the influx of foreigners has been small compared to earlier times. National legislation has reduced the number of immigrants, but there have been few restrictive policies on the movement of people within the United States. The major internal migrations are from East to West, from South to North, and from rural to urban areas.

Urbanization has been one of the outstanding aspects in population trends in the United States. Breaks in transportation, the demands for a central trading point for rural people, and location of natural resources all have influenced the location of cities. Urban ecology reveals that most cities have five rather distinct concentric zones, each having its particular characteristics and contributing to certain kinds of personal and social behavior. The study of environmental influence aids in understanding and perhaps in eliminating behavior which is detrimental to society. Social controls in cities are mostly secondary group controls. Cities rely on formal rules and laws to bring about change or conformity. In contrast, rural areas rely extensively on informal controls, such as the pressure of folkways and mores.

QUESTIONS

1. Explain the Malthusian theory of population.
2. In what ways does the present world population differ from that of previous centuries?
3. What factors retard world population growth? What factors aid such growth?
4. Why is information as to the number of people in an area only the starting point for estimating the well-being of that people? What else must be considered?
5. What conditions and circumstances have caused a rapid population growth in the United States?
6. What are the circumstances and influences that cause birth-rate variations among income and occupational groups?

7. Describe the change in age composition in the population of the United States. List the causes and possible effects of this change.
8. What factors influenced immigration to the United States during the nineteenth century? What regulations have been placed on immigration in the twentieth century?
9. What have been the three main movements of people in the United States? What has resulted from these movements?
10. What developments and conditions have contributed to urban growth?
11. What has determined the location of cities in the United States?
12. Describe the five zones of a city. How does social behavior differ among the zones?

DISCUSSION

1. What are the contemporary factors that may make Malthus' theory of population valid in the future?
2. In what ways are industrialization, international politics, and population changes interrelated?
3. Should the fact that different socioeconomic groups have different birth rates be of concern to a democracy? Give reasons for your answer.
4. What problems caused by foreign immigration to the United States are similar to those caused by internal migrations? What problems are different?
5. Contrast rural and urban cultures in relation to the family, education, and religion.
6. What kind of city planning would be needed to eliminate some of the social problems revealed by zonal research?

TERMS

Birth rate: The number of births in a given year divided by the total population for that year. Usually the result is multiplied by 1000 for easier numerical handling.

Death rate: Same procedure as for births, but substituting deaths.

Population rate of growth: The number of new persons added to a population in a given year divided by the total population for that year.

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9 SPECIALIZATION AND INTERDEPENDENCE

Interdependence is a universal characteristic of contemporary human relationships. Another characteristic, specialization, is so closely related to interdependence that one cannot be entirely understood without a consideration of the other. In a sense, specialization has made interdependence necessary, and at the same time interdependence has brought about further specialization. Though the term *interdependence* is used most commonly in connection with economic activity, more than man's efforts to satisfy his economic wants or to gain profit is involved in the process of interdependence. For example, men may depend upon the minister in their religious activities, or upon the musician for their relaxation, or upon the politician for governmental processes. In Chapter 2, we noted that an individual is dependent upon others in order to survive and become a "human" being. The present chapter emphasizes interdependence within a society and among societies as a means of meeting group needs. Specialization aids in satisfying these needs, and whenever it occurs, interdependence necessarily develops to influence both individual and group relationships.

Specialization comes for the most part because of the advantages of division of function in the satisfaction of wants. It is easily observed and studied as a social process, whereas interdependence is not so readily apparent or so easily examined. For this reason, the first section of this chapter deals with specialization and serves as a basis for considering the social process of interdependence.

SPECIALIZATION

Specialization is the division of functions among the members of a society. This division which may occur among all the activities of mankind—religious, economic, political, aesthetic, and others—has

always been a characteristic of society. Evidence gathered by anthropologists indicates that prehistoric groups had individuals who specialized in such activities as art and the making of weapons. Contemporary primitive societies have political, economic, religious, and other specialists.

Division of function may be based upon the prospect of economic gain, but other considerations may also influence a person to become a specialist. For example, among the Pygmies of the Congo, the dental expert who chips and files the front teeth of others to a sharp point is a highly esteemed man, as is a tattooer among the Polynesians. In these instances, prestige and status in the group are more highly regarded than economic gain.

Complex societies have a very extensive division of function. In the shoemaking, meat-packing, and automobile industries, for example, the tasks have been so divided and subdivided that most workers do only one small part of the total operation. In the non-economic field, the army is the specialized unit which functions to protect the total society. A better understanding of specialization may be gained by considering the factors which cause its development. Why do certain persons choose or have allotted to them certain portions of the group's functions to perform? And, on a larger scale, why do territories cling to specialized types of productive activity?

Factors Conducive to Specialization

BIOLOGICAL Some types of specialization are the direct results of biological differences. Quite obviously, the special task of bearing and feeding infants is exclusively a feminine one. Physical differences between the sexes also account for the fact that occupational specialization is rather clear cut in most societies. The average male has heavier muscles and a heavier frame than does the average female; therefore, as a rule males perform work in which strength and endurance are required. The fact that males have a shoulder joint and attached muscular structure which aid them in hurling and lifting articles led to masculine predominance in the role of hunter in early societies. Since hunting alone often would not yield sufficient food, other food-procuring tasks became the special work of the females and children. In a study made of the sex specialization in occupations within primitive tribes, a distinct pattern of male and female activities was revealed. Hunting was an exclusive pursuit of the males in 166 of the tribes, and in none was it practiced exclusively

by the females. Cooking was predominately a female task in 158 tribes, and in only five tribes was it the work of males only.¹

Age also plays an important part in determining the activities of individuals. Among the ancient Inca Indians, age determined social functions ranging from economic through marital and political. For example, the task of picking cocoa was restricted to those from sixteen to twenty years of age and the political chiefs of clans and tribes were selected from those persons more than fifty years of age. In the United States, a problem of society is that of defining special activities to utilize the capacities of older persons and of providing them with employment opportunities.

DENSITY OF POPULATION Density of population usually leads to specialization. In a sparsely settled area, the general store at the country crossroads contains most of the goods needed by the neighboring farmers. But as a community develops in the area and as population increases, a division takes place in the functions of the general store. Thus grocery, hardware, dry goods, and other types of stores are established to take care of the wants of the community. In such a situation, the nature of group wants may remain the same, but the number of persons having the same want increases to the point where specialization is possible. The increased population may also have different wants, in which case still more specialization takes place. Certainly the establishment of businesses selling Oriental rugs or imported cheeses exclusively indicates not only increase in population but also increased variation in groups wants.

GROUP WANTS Group wants have been one of the principal reasons for specialization in modern society. When people want either goods or services to any considerable extent, others are willing to specialize in satisfying those wants. The range of special jobs growing out of group wants in present-day society is ever increasing and is taking place in all phases of society. In the United States, for example, the influence of economic depressions has been sufficient to bring about a group demand for security during unemployment. Such a group want has in turn created many specialized positions within both government and business. Some of these jobs have been merely additions to already existing specialties, such as filing, statistical work, and typing; but other jobs, such as supervising unemploy-

¹ George P. Murdock, "Comparative Data on Division of Labor by Sex," *Journal of Social Forces*, XV (May, 1937), p. 551.

ment insurance programs and conducting public employment services, have been created. The strong demand in the United States for spectator sports and recreation has brought certain highly rewarding and skill-requiring occupations into the limelight. In response to group demand, highly specialized performers have become skilled in ice-skating, basketball, and acting for the movies.

The growth of advertising has promoted specialization by increasing group wants. Indeed, advertising may induce the group to want something it has not previously desired or even known about. For example, advertisements have been quite successful in persuading the women in the United States that home hair-curling preparations are effective and economical.

TECHNOLOGICAL DEVELOPMENT Applications of science, new inventions, and discoveries have led to increased specialization. For example, when, in prehistoric times, copper was discovered to be a superior substitute for stone, specialists became proficient in working the new metal into usable form. The head of the household had been the person who specialized in making weapons, cooking utensils, and adornments, but the scarcity of the new metal and the relatively difficult techniques of working it led to the training of only a few persons who could make it available for practical use. As a result, the coppersmith took over the special job of making many of the articles formerly made by most males. Various other specialists arose under similar circumstances—for example, the tin and iron smiths. When the water wheel was invented, the specialized services of the millwright came into quick demand.

As discoveries and inventions increased in number, no individual could master all the knowledge about these new elements in the culture. The jack-of-all-trades has virtually disappeared because of the many complex trades and professions which have developed to satisfy the needs and whims of the group. The increase in technology has resulted in specialization within occupations which were formerly considered general in nature. In the profession of engineering, for example, there is now specialization not only in civil, architectural, mechanical, and electrical engineering, but also within each of these areas.

GEOGRAPHICAL The specialization caused by geographical factors, such as soil, rainfall, heat, mountains, and rivers, is greater than is ordinarily realized. The survival of man has been due in large part to his successful efforts to surmount geographical difficulties. Special-

ization has often developed as a result of these efforts. The snow houses of the Eskimos, the strongly constructed buildings in earthquake and hurricane areas, irrigation equipment, air-conditioning mechanisms, and flood control projects are all products of such specialization.

Geographical factors are responsible also for the development of specialization within certain geographical areas. The dry, sunny weather of California, for example, has been a factor in the promotion of motion-picture production in that area. The climate and soil of Wisconsin are well balanced for the growth of hay and grass, with resulting specialization in dairying. Such specialization is not confined to conditions within nations. Even a casual glance at international specialization reveals such examples as Australia's concentration on wool production, Brazil's on coffee, Cuba's on sugar, France's on perfume and wines, and so forth. These areas of production have developed in large part because of geographical conditions.

Specialization occurs in functions other than the economic. Climatic conditions obviously have influenced the Canadians to favor ice hockey as a leading sport. The United States Army Air Corps has favored the location of air bases for its basic pilot training in sections of the country having few extremes in weather. Indeed, the close correlation of man's material culture and his physical environment has led some geographers to emphasize geographical factors above all others in determining culture patterns. This reasoning is known as *geographical determinism*. According to this theory, everything can be linked to the physical environment, from such things as a changeable temperament, which is assumed to be caused by a tropical climate, to a democratic form of government, which allegedly develops from a scarcity of arable land.

If the physical environment were the sole determinant of culture, similar environments should produce similar cultures. But this has not always occurred. For example, though the Eskimos of Alaska and the Chukchis of northeastern Siberia live in similar geographical environments, the former construct snug, practical snow houses, and the latter have clumsy, heavy hide tents. The Indians in northwestern United States developed woodworking to a high degree, but the Indians of northern California did not follow their neighbors in this skill, even though they also had ample forests. Although geographical factors influence the development and nature of specialization, they alone do not determine the form and content of all components of a culture.

Advantages of Specialization

EFFECTIVE USE OF ORIGINAL NATURE Using the specific physical skills of an individual results in greater satisfaction of wants. For example, if those members of an early primitive society who had long, supple fingers wove baskets and those who had short, stubby fingers made earthenware pots, then more baskets and pots could be produced and more wants for these items would be satisfied than if all members both wove baskets and made pots. In a complex society, isolation of individual traits which are best fitted to a given occupation is not always possible. Thus the inherent abilities necessary to the successful politician or contractor have been only superficially analyzed. Tests have been developed, however, to determine some of the possibilities of success in the study of music. Tone deafness and inability to judge time intervals are traits which indicate that a person's efforts might be better expended in fields other than music.

Specialization in industry, such as in automobile manufacturing, has reached such a high degree that often only a single isolated skill is required of each individual worker. This narrowness of specialization allows the profitable employment of physically handicapped persons. Production of the "Model T" Ford automobile required 7,882 different jobs, and Henry Ford broke these down into their specialized requirements as follows:

Of these, 949 were classified as heavy work requiring strong, able-bodied and practically physically perfect men; 3338 required men of ordinary physical development and strength. The remaining 3595 jobs were disclosed as requiring no physical exertion, and could be performed by the slightest, weakest sort of men. In fact, most of them could be satisfactorily filled by women and older children. The lightest jobs were again classified to discover how many of them required the use of full faculties, and we found that 670 could be filled by legless men, 2637 by one-legged men, 2 by armless men, 715 by one-armed men, and 10 by blind men.²

Thus specialization results in less waste of labor.

IMPROVEMENT IN PRODUCTION In any occupation, specialization results in improved performance. For example, the person who specializes in music, writing, or painting does a better job than he

² From Henry Ford and Samuel Crowther, *My Life and Work* (New York: Doubleday & Co., Inc., 1922), p. 108.

would if he attempted to be musician, author, and artist at the same time. It has long been recognized that "practice makes perfect" and that the resulting degree of skill makes for increasing perfection. The manual workers in refrigerator or radio industries become so highly specialized that they can make an adjustment or connection with great speed and accuracy. Thus by specialization the amount of work done is increased, and the quality of the end product is improved. Whether either the quantity or quality improvement in a given product is always best for society is sometimes a question for debate. In the production of slot machines and atom bombs, for example, specialization is used to increase output and improve the product, but the effect upon society may be demoralizing.

Specialization also improves production in nonindustrial fields. No greater appreciation of the skill which specialization brings can be found than that of the relieved dental patient. The poet, minister, and army general all become more proficient by being specialists in the performance of their functions.

REDUCTION OF WASTE Specialization can save time, energy, and material. For example, if a man were at once plumber, electrician, and carpenter, he would need to have available all the tools for each of these trades. While the man was engaged in one kind of work, say plumbing, the electrical and carpentry tools would lie idle, and a loss of time would occur in every change in the use of tools. Similar waste of time occurred during the early part of the Industrial Revolution, when the workmen divided their time between the factory and the farm. The specialization of the modern assembly line has reduced time loss to a minimum. A worker need not even lay down one tool to pick up another, since he performs a single operation throughout the day. Also, more energy is expended in doing an unfamiliar job than in following a familiar routine, so that constant changeover in jobs may lead to excessive loss of energy even if the individual is skilled in all the jobs he undertakes. Although the above examples are drawn only from skilled occupations, the principle holds true for unskilled and professional workers. One of the reasons citizens of the United States have become very time-conscious is that the economy is highly geared to time-saving specialization.

Reduction of waste also results when a region engages in geographical specialization. Resources, time, and energy are saved by

utilizing them to the best possible advantage. For example, bananas can be grown most efficiently in Central and South America because of the soil and climate. If the United States were to attempt production of bananas on a scale large enough to satisfy the wants of the people, the cost would be enormous. Greenhouses would have to be constructed and generation of heat would be necessary. Such a project could be carried out, but materials would be siphoned away from the commercial production of other things equally desired by the people. The total cost of each banana produced would be far greater than that of a banana produced in South America.

Nations often buy from other countries things that they can produce themselves. The United States can and does produce sugar, but it can be produced more inexpensively in Cuba. But iron and steel products can be manufactured at less cost in the United States than in Cuba. It is economical, therefore, for the United States and Cuba to specialize and exchange products. Each country or geographical region tends to specialize in the things it can produce most advantageously, and by exchange to obtain a larger quantity and a greater variety of goods than it could produce for itself.

INCREASED MECHANIZATION AND INVENTION Specialization leads not only to simplification of tasks but also to standardization, which makes it possible to use machines. When work is reduced to its simplest form, the motions necessary for a task can be analyzed and often can be transformed into machine operations. Since a machine manipulates a single operation more accurately and swiftly than a man, improved production and a saving of time result. Furthermore, machine operation usually requires a shorter training time for the operator than does hand work. The advantages of machine operation, therefore, make it desirable to develop inventions to take over an increasing portion of the work. Much of the back-breaking, difficult labor formerly performed by men, such as ditch-digging and grain-cutting, is now done by machines.

Disadvantages of Specialization

NARROWED INTERESTS The extreme subdivision of function which has taken place in modern society frequently has been accompanied by a loss of social perspective by the specialist. For example, both the lobbyist for farm legislation and the lathe operator in a factory are exposed to the danger of overdevelopment of one area of interest and ability to the exclusion of many others. An architectural engineer

may concentrate on building excellent bridges for twenty or thirty years, but during that time he may devote no effort to being a competent citizen.

Specialization has been carried to such an extreme in certain crafts that all feeling of creative production is lost. In machine production, the worker in shoemaking may find his duties narrowed to the single one of sewing in tongues. Since he may seldom see the finished product and never come in direct contact with the customer, it may be difficult for him to develop interest in his own work. Machine production may become a monotonous routine. The worker who feeds a strip or rod of metal into a machine eight hours a day runs the danger of having the monotony paralyze his general interests and activities. Thus, intensive concentration on a single phase of culture, loss of creative interest, and concentration on dull work may lead to a lack of insight and interest in other phases of culture. In the field of medicine, this same narrowing of interest by the specialist is said to result in concern only for a particular ailment and a loss of consideration for the patient as a total person.

SOCIAL STRATIFICATION The narrowing of interest increases social isolation for both the individual and the group. A consequence of continued specialization has been the tendency for individuals in a specialty to foster and cherish group solidarity and exclusiveness, which results in social stratification. One of the most clear-cut instances of such social stratification exists in India.³ The elaborate social organization of that region illustrates that economic factors are not always primary in the development of a stratified social structure. The uppermost social stratum is composed of persons whose interests are centered on religion—the Brahman or priestly caste. The successively lower strata are the warriors, agriculturists and mercantilists, and the laborers. Each of these strata is further divided into hundreds of subcastes based on special interests.

Social stratification in Western civilization allows a degree of mobility among strata and is distinguished from the structure found in India by being designated as a class system. Neither the caste system nor the class system develops solely because of increasing specialization. The fortunes of war may force a group into a slave status, or the accidental acquisition of wealth may give another group a position of power and respect. Specialization, however, is one cause of class distinctions. In the United States, specialization

³ See Chapter 7.

has developed to the point where the railroad track worker and the organic chemist have little common ground. The specialists in such fields as baseball, business, and teaching do not often establish close personal relationships with one another. Studies of youth indicate that among a large number of young people, such as may be attending the same high school, stratification occurs on the basis of parental occupation and wealth. Children of unskilled laborers tend to play together and to exclude the children of professional families, and vice versa. To deny that social groupings exist within the total population would be to ignore the facts.

Movement of persons from one specialized group to another is possible in the United States. The Horatio Alger story can still be a reality, and the millionaire may become a pauper overnight. On the other hand, occupational stratification tends to remain the same. A study of a rapidly developing western community revealed that slightly more than 58 per cent of the sons of unskilled workers either followed their fathers' footsteps or became semiskilled workers.⁴ Because class lines are not always clearly drawn in the United States, stratification of society is sometimes difficult to understand. The very titles of specialized functions, however, have become an indication of economic and social status. For example, *white-collar worker*, *skilled worker*, *investment banker*, and *laborer* all carry meanings beyond the mere designation of the kind of work involved. Yet because all may belong to the same church, political party, or other group, the distinctions among them have never reached a point of completely rigid social stratification.

LAG IN LEADERSHIP The difficulty of obtaining persons for the top levels of leadership is increased by specialization. Leaders in particular fields emerge out of the process of specialization. But in fields where broad knowledge is required—for example, political, religious, and some educational areas—few persons are willing to forego the security which specialization offers for the uncertain rewards of a broader leadership. To be sure, such leaders are specialists, but they are specializing in knowing *about* the special fields and their interrelations, not concentrating within any one of them. Learning the content of all special fields would be impossible. The competent leader in fields where broad knowledge is desirable can hope only to grasp the major principles and to comprehend the

⁴ Percy E. Davidson and H. Dewey Anderson, *Occupational Mobility in an American Community* (Stanford, Calif.: Stanford Univ. Press, 1937).

integrative implications of the various fields. For example, the governmental leader in a democratic society cannot yield to the demands of every special-interest group. He must analyze and summarize the common demands of the majority. But with ever-increasing numbers of interest groups, such action requires a skill that would have taxed the abilities of the great democratic leaders of the past.

According to some people, the present woes of the world are due to inadequate leadership. Such oversimplification probably is unjustified; but awareness of the lag in leadership has resulted in more adequate training in broad areas of human relationships than formerly. Many governments are now giving attention to training in statesmanship; religious bodies have broadened the schooling of their workers; and medical schools are requiring general knowledge as a part of preprofessional training. The lag in leadership need not be permanent or insurmountable if this trend continues and if the total society achieves a greater degree of unity in self-expression. Then a leader may be able to interpret and summarize the demands of the many specialized interest groups.

NARROW MARGIN OF SECURITY At this point it is necessary to repeat that increased specialization results in increased interdependence. In present-day social relationships, interdependence resulting from specialization entails disadvantages as well as advantages. The most striking aspect of specialization is not the separation of functions but the fact that these functions become interdependent. The ties of interdependence are subtle and usually less apparent than the familiar day-to-day specialization. One of the paradoxes of present-day society is the constant pressure for complete economic freedom for the individual at the very time that interdependence has become so much a part of society that no individual is actually economically free.

To illustrate, the workers in New York City fail to buy woolen goods because of an exceptionally warm winter. The retail store owner puts his stocks of wool in storage to wait for another winter. The woolen textile factory in Massachusetts gets fewer orders for its products and decides to buy less raw wool. The price of raw wool on the market in Wyoming drops, and the rancher decides to reduce his sheep production. He is compelled to discharge some of his shepherders. Thus invisible chains link together the welfare of workers separated by almost the width of a continent. The workers

in New York depend on Wyoming sheepherders and Massachusetts textile workers for clothing, and these in turn rely on the New York workers for their livelihood. One of the disadvantages of specialization is the narrow margin of security of many persons whose work depends upon other aspects of the economy.

Comparison of Advantages and Disadvantages

A comparison of the advantages and disadvantages of specialization indicates that the advantages are heavily weighted with economic values, such as reduced waste, greater production, and better quality of goods. Although specialization occurs in fields other than the economic, the predominating economic character of the gains which specialization brings cannot be denied. The disadvantages, on the other hand, have broad social implications which are not primarily materialistic in nature. Narrowed individual and group interests and a lag in adequate leadership have little, if any, economic significance. Actually, the disadvantages affect almost every facet of society.

The advantages of specialization are tangible. The bricklayer can see that his skill produces more houses and other buildings than could be produced by an unskilled worker. The great number of Fords, Chevrolets, and other automobiles is material evidence that both quantity and quality of production may be increased by specialization. Thus the members of society may be led to judge their culture by the amount and nature of tangible goods and to ignore the disadvantages that result from specialization, with the result that planning to lessen the ill effects of specialization often comes late or never. The business executive who has devoted every moment of his time and all his interest and energy to his office finds upon retirement that he has developed no other interests than that of his business. By so narrowing his interests for so long a time, he finds it difficult, if not impossible, to develop new ones.

The stratification of society in the United States has never evolved to the degree which is found in some countries. Nevertheless, social division exists, as is evidenced by the specialized group interests of professional people, farmers, laborers, and businessmen. Group isolationism often results in a lack of common understanding between groups, and that in turn may cause social tensions. For example, the lack of common understanding between mine owners and mine workers has sometimes made the settlement of a labor-management dispute impossible. This failure results in a strike,

which affects not only those directly involved but also others in society.

Only in recent decades have plans been made to provide security for those persons who are at a disadvantage in a highly interdependent society. The recognition that an individual is not always personally responsible for his unemployment is evidence of the beginnings of social recognition of interdependence. In general, however, the tendency is to ignore the neuroses, moral maladjustments, and conflicting points of view which develop out of specialization. Persons engaged in economic activities are directly aware of the advantages of their own specialization. The disadvantages, however, are not so individualized and tend to fall upon the shoulders of society in general.

INTERDEPENDENCE

Social interdependence may be illustrated by viewing it first within a simple society and then within a complex society. Among some of the Pueblo Indian groups, little girls may cease to be completely dependent on other members of the group as early as five years of age, when they are pressed into the task of weaving. They are still dependent upon the group for most of their needs, but at the same time the group has itself become dependent upon the child for a part of the work essential to the group. Interdependence thus begins early in the life of the child and continues throughout life. At the adult level, the males depend upon the females to prepare food, and the females depend upon the males to provide food. Each member in such a society is important, and group welfare is seriously hampered by the absence or failure of any single member to perform his specialty.

In a complex society, the dependence of the individual upon the group may be illustrated by imagining the efforts involved in making a breakfast possible for the average person today. In answering the simple question "How many people am I indebted to for the breakfast I enjoy this morning?" he will at once think of those who prepared the breakfast—his mother or wife or some other member of the immediate family. But his thoughts will not stop with them. For example, the coffee comes from the local grocer, who obtains it from a wholesale house, which gets it from an importer, who buys it from a dealer in a foreign country, who obtains it from growers in his country. Delivery services, railways, steamships, docks and

harbors, and many other man-made facilities make up the long road the coffee travels before it reaches the breakfast table. The number of people involved in this entire process would probably run into the thousands. Producing and transporting the sugar, cream, breakfast foods, eggs, and other foods making up the breakfast involves many other persons. The tables, chairs, china, linen, cooking utensils, stoves, and even the house in which the person lives are products of the labor of thousands of others. Thus in a complex society, many of the world's people are involved in such a relatively simple event as the average person's breakfast. Similar reconstruction of the processes involved in producing and maintaining the morning newspaper, radio, telephone, and other conveniences or necessities of modern life would further emphasize the fact that modern society is a tissue of interdependency.

In a complex society, quite obviously the individual is dependent upon others in both material and nonmaterial wants. The group itself, however, is less dependent upon any *one* individual for its survival than is the simple society of the Pueblo Indians. Because the group is less dependent upon single individuals, modern life is characterized by a cold impersonality and a sense of futility. No person is indispensable to the functioning of the group. This condition in modern individual-group relationships has been considered by some persons to be a fundamental basis for the two major ideologies of the world—authoritarianism and democracy. Authoritarianism, on the one hand, recognizing the insignificance of the individual to the group, has attempted to offset the resulting frustrations and cold insecurity with a synthetic worship of the group in the form of the state. The incessant repetition of the theme that if the individual counts for nothing then the state (group) is everything has led to acceptance of the concept in some parts of the world. Democracy, on the other hand, has recognized the significance of the single individual as an integral part of the group, even though no single person is indispensable to the functioning of the group. The democratic philosophy contends that a state or group can be no more than its parts, and that since the parts are individual human beings, the integrity of each must be respected if the integrity of the total group is to be respected. In democratic procedure, the inherent value of the individual cannot be transferred to an artificial contrivance such as the state. Thus, even though the state may not depend on any one person, each person is superior, in some way, to the state.

WORLD INTERDEPENDENCE

The inevitability of interdependence seems clear when the individual-group relationship is studied. No person can specialize in one or two functions without becoming dependent on others for necessary goods and services which he himself has not produced. The orchardist who grows nothing but apples could not survive if he were to rely solely on his own efforts. By giving all his time to growing apples, he naturally makes himself dependent on others for such things as medical service, machines, food, clothing, and shelter.

Until relatively recent times, however, peoples of the world have not recognized the developments which have influenced the interdependence of cultures and nations. Even with recognition, the principles of international interdependence have not been accepted to any considerable extent. Nevertheless, social and economic forces have been making for world interdependence during the last three centuries.

Certain areas of the world are as geographically different as are regions within a given nation. Climate, soil, mineral deposits, natural transportation facilities, such as rivers or harbors, and other physical characteristics are varied in character and location. Because of different population densities and other conditions, wages vary from country to country. The skills of a people vary as a result of education and cultural heritage. All of these circumstances contribute to differences in the cost of producing a commodity in different areas of the world. The United States cannot equal the low cost of producing bananas in Guatemala, silk in Japan, or jute in India. In contrast, the United States has an advantage over other countries in producing automobiles, refrigerators, and radios. Exchanging these items for the ones produced at lower costs abroad could result in a higher standard of living in all areas.

In the past, one of the hindrances to territorial specialization in production was the lack of adequate transportation facilities for the exchange of goods. Although such an item as wood pulp was produced more cheaply in some other areas than in the United States, the high cost of transportation made it more profitable to manufacture pulp in this country. In recent years, however, rapid and economical transportation has made it possible to obtain certain products from other countries at an advantage in price. Thus both geographical specialization and international interdependence

have tended to increase. Furthermore, large-scale production has been characteristic of industrial countries. But large-scale production requires near-capacity and continuous operation of factories to be economically successful. Accordingly, both the flow of mate-

DISTRIBUTION OF THE WORLD'S GOODS

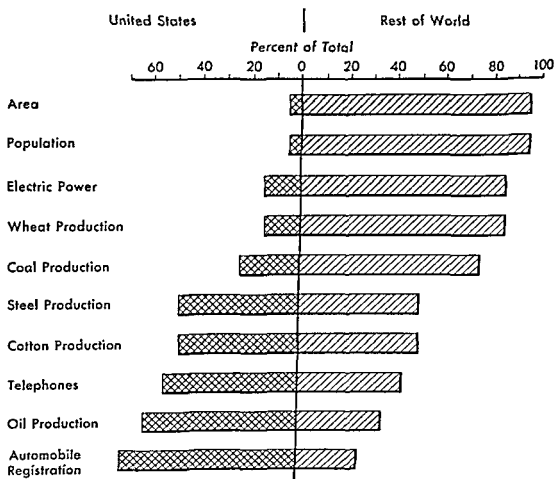


Figure 7. (Adapted from Baldwin, *Recent American History*, American Book Co., 1954)

rials into the factory and the sale of products leaving the factory must be large and constant. The present size of many industries indicates that they have grown beyond national boundaries insofar as markets and raw materials are concerned. Industrial expansion and operation, therefore, are dependent upon international interdependence.

Price of Isolationism

When a country does not recognize world interdependence, it follows a policy of isolationism. Throughout history, countries have been isolationist in varying degrees, but in modern times isolation from other countries is hardly possible. One of the arguments of the defenders of isolationism, however, has been that a country like the United States could be completely independent economically if it so wished. Such a stand ignores the expansion of industry, with its necessary interdependence. The argument also fails to consider the changes which would occur in the standard of living if isolationism were attempted. Many familiar items would become less satisfactory. For example, the cigarettes manufactured in the United States contain more than a score of ingredients obtainable only in foreign countries. If these ingredients were eliminated, the cigarettes would have a different taste. The automobile industry imports about 200 various products from 56 countries. One-half of these products are metals—for example, chrome from Africa, nickel from Canada, vanadium from Peru, and tin from Malaya. Automobiles could be manufactured without these metals, but they would be heavier, less durable, more expensive, and less dependable than the present models. Eighteen out of thirty-seven of the important materials used in the telephone industry come from foreign countries. Telephones made with substitute materials would be costlier and less dependable.

Isolationism in the United States would probably mean that coffee, tea, and cocoa drinking would stop, since no satisfactory substitute has been found for these beverages. Substitutes for them in World Wars I and II were failures. Products necessary for them would have to be grown under glass in this country. Such a project would utilize much of the glass and steel production of the country for a long period of time and would result in fewer houses, automobiles, and other products for which glass and steel are necessary. The enormous costs of such a venture would multiply by many times the present price of coffee, tea, and cocoa. The cosmetic industry depends on foreign countries for many oils, waxes, and perfumes. If tin were not imported into this country, changes would have to be made in some areas of production. The tin can, of course, could be replaced by glass jars, but again over-all costs would increase with higher prices for the consumer.

The items imported into the United States, of course, could be

given up or substitutes could be found for them. The result, however, would be a lower standard of living for the people of the United States, since the quantity and quality of many products would decline. In addition, a period of social disorganization would undoubtedly result, since relocation of the laboring force would be made necessary by the economic shifts that would have to take place. *So much for an indication of the complexity of only the economic aspects of interdependence!*

Goods and services can be taxed, banned, and confiscated to prevent them from crossing boundaries, but ideas and other non-material cultural traits cannot be totally excluded by any nation. *Many of the basic ideas for the government of the United States came from England, and the Latin American countries have adopted many of the concepts of government developed in the United States. Christianity has spread to almost all areas of the world, despite attempts by some people to remain isolated from it. Some of the ideas for education of children have come from Switzerland. In the past, many nations have depended upon Germany for ideas regarding military matters. The place of origin of an idea is of no significance except academically, although recently this point has been utilized by Russia to increase ethnocentrism. What is important about ideas and cultural traits is that only a small fraction of the total comes from any particular area. Each area has depended upon the rest of the world for a part of its nonmaterial culture.*

The basic ideas for the construction of an atom bomb were known in the major countries of the world even while they were supposedly held in secret by the United States. Russia's attempt to block radio messages emanating from the West indicates that she fears the results which may come from exchange of ideas. Yet Russia has depended upon the attitudes expressed by the people of many areas of the world before she has made political moves.

Apparently isolationism cannot be maintained in an absolute form in the modern world. An attempt to follow a policy of extreme isolationism would probably result not only in a lower standard of living but also in a retardation of the mental growth of the people of the country practicing such a policy.

World Organizations

With World Wars I and II coming within a quarter of a century, interdependence on a world-wide scale would appear to be merely an illusion. Yet for many centuries efforts have been made to

establish international organizations that might provide a workable interdependence among the nations of the world. And despite much evidence to the contrary, international co-operation has gradually increased.

In considering world organizations, a distinction must be made between international organization and world government. International organization recognizes the existence of national units as the basis for interdependence. The primary allegiance of the people continues to be given to the national state. Under a world government, the allegiance of the people would be given directly to a world state. The strong spirit of nationalism which developed after the emergence of the nation states and which has persisted to the present time has prevented the formation of a world government. International organizations, however, were proposed as early as the beginnings of nationalism. In the fourteenth century, Dante suggested that Italy become a unified state and that the known world at that time establish a superstate which would have supreme power over all existing states. In 1694, William Penn proposed that Europe establish a representative parliament, including members from Turkey and Russia, to insure the future peace of Europe. Although religious or imperialistic interests influenced the early proposals for international organization, these suggestions indicated a trend toward recognition of world interdependence.

The idea that the nations of the world would have to depend on one another in legal affairs was advanced by a Dutch jurist, Hugo Grotius, whose book about the laws of war and peace (*On the Law of War and Peace*, 1625) dealt with international legal relationships. The international laws which began to appear soon afterwards were based upon custom, convention, and consent. Boundary delineation, conduct of trade, war on the high seas, and citizenship protection are some of the areas in which the nations of the world have achieved some agreement. Arbitration has been used to settle some international disagreements. In 1873, an Institute of International Law was founded, and the international laws and commentaries which have been written since that time fill many volumes. National sovereignty in legal matters, however, is still strong throughout the world.

Prior to World War I, some nations co-operated to form power blocs to maintain a balance of power. There were some attempts, also, to substitute arbitration for power. In 1899 and 1907, international conferences were held at The Hague in the Netherlands

to work for the reduction of armaments and to provide peaceful means of settling international disputes. No success was achieved in reducing armaments, but the Hague Court of Arbitration was established to make it possible for nations to submit their quarrels to an international court for decision.

World War I brought an abrupt suspension of the movement toward world interdependence. After the war, however, many nations co-operated in efforts to establish a common understanding, aid the underprivileged, promote universal peace, and promote trade throughout the world. These efforts to lessen national isolation and to promote international co-operation resulted in the formation of the League of Nations. In view of the strong prevailing spirit of national sovereignty, it is not surprising that this first effort for making the nations of the world aware of interdependence achieved only limited success. The surprising thing was that the structure of the organization got out of the blueprint stage and into actuality.

By the end of World War I, rapid transportation and communication facilities were beginning to bring greater numbers of people throughout the world into more frequent contact with one another. There were formed scores of international interest groups and organizations, involving millions of people. To demonstrate the range of interests included in these world-wide organizations, one writer classified over seven hundred by major functions:⁵

Political and international relations (including pacifism)	48
Religion, humanitarianism, and morals	124
Arts and sciences	112
Education	37
Student and university	11
Medicine and hygiene	50
Law and administration	44
Press	12
Feminism	26
Labor and the professions	73
Agriculture	26
Economics and finances	13
Trade and industry	66
Communications and transit	45
Sports and tourism	36
Miscellaneous	32

⁵ Phillips Bradley, "Other International Organizations," *International Conciliation*, CCCLXIX (April, 1941), pp. 359-367.

International co-operation among occupational groups has tended to bring greater co-operation among nations. Such organizations as the International Federation of Journalists, the International Dental Federation, and the International Accountants Association recognize the benefits resulting from exchanging ideas and techniques. The International Labor Organization (ILO), established in 1919, is another organization which has been active in promoting co-operation among nations. The objectives of the organization include developing working standards to a fairly equal level for all regions of the world. The ILO, moreover, has been concerned about affairs beyond its own narrow interests and has recognized the interdependence of economic regions and the need for correcting conditions which may lead to international conflict. The activities of the ILO indicate that international co-operation is possible.

With so many of the international organizations operating on a calm and practical level, one cannot help contrasting their efforts along nonpolitical lines with those carried on in the political area. For example, recently even while Russian and United States representatives to the United Nations were vigorously and vehemently denouncing each other's ideologies and motives, the postal authorities of the two countries were calmly and amicably coming to agreement concerning the wrapping, binding, and addressing of international air parcel post packages. The issues involved were minor, but when even such relatively insignificant matters are solved, the possibility that the general public will recognize the benefits of international interdependence is increased. The opportunities for this kind of development are numerous and expanding. Individuals and governmental officials of many nations exchange information and collaborate in such matters as seeds, weather information, ocean current data, traffic in drugs, and postal regulations. Perhaps co-operation in more significant matters can be built upon such small beginnings.

The number of intergovernmental organizations⁶ which have been established in the wake of the United Nations reflects outward respect for the principle of world interdependence. It would not be possible within the scope of this chapter to describe the scores of international agencies that have emerged as auxiliary agencies of the United Nations. The functions of these agencies might indicate that specialization has occurred even within an organization de-

⁶ See Chapter 25, Volume II.

voted to interdependence. They all, however, are interrelated and interdependent. The names of a few of these agencies will indicate the nature of their functions: the United Nations Educational, Scientific, and Cultural Organization; the United Nations Food and Agriculture Organization; the International Bank for Reconstruction and Development; the International Monetary Fund; and the International Civil Aviation Organization. The attempt to establish international co-operation is under way. It may succeed. If it does not, the failure may mean world disaster.

SUMMARY

Interdependence is a universal characteristic of contemporary human relationships. Another characteristic, specialization, is closely related to interdependence. Specialization makes interdependence necessary, and interdependence brings about further specialization. Specialization comes from the advantages of division of function in the satisfaction of wants and is easily observed, whereas interdependence is not so readily apparent and so easily examined.

Specialization is the division of functions among the members of a society. There are many advantages and disadvantages of specialization. A comparison of these advantages and disadvantages reveals that the advantages are weighted heavily with economic values and are tangible and easily observed. The disadvantages have broad social implications, are not primarily materialistic in nature, and therefore are, for the most part, intangible and not readily discernible.

Social interdependence exists in both primitive and complex societies. In primitive societies, the group is to a large extent dependent upon the individual. In complex societies, the individual is dependent upon the group, and the group is less dependent upon one individual than in a primitive society.

Although the necessity for interdependence seems clear on the basis of individual-group relationships, the interdependence of cultures and nations has not been recognized until relatively recent times, and, even with recognition, the principles of international interdependence have not been accepted to any considerable extent. Nevertheless, social and economic forces have been exerting their influence for world interdependence. Some of these forces are regional geographical features influencing territorial specializa-

tion, varying degrees of labor efficiency among peoples of different nations resulting in different types of production, improved transportation facilities bringing about world-wide exchange of goods and services, and the influence of exchange of ideas among the peoples of the world. As a result of these forces, complete isolationism for any nation is a remote possibility in the modern world.

A growing world interdependence is evidenced by the numerous international organizations that have been established in recent times. Through these organizations, co-operation among nations has gradually increased in such areas as religion, humanitarianism, science, education, law, medicine and sanitation, labor, transportation and communication, industry, and agriculture. In the area of political co-operation, however, the achievements have not been as great as in nonpolitical affairs. The primary allegiance of people continues to be to the nation state with a strong spirit of nationalism prevailing in most nations. This condition has not been conducive to world-wide political international interdependence.

QUESTIONS

1. Illustrate the possible relationships between economic and noneconomic specialization.
2. How have changes in the nature of the population affected the concept of specialization in the United States?
3. Demonstrate by examples that new group wants may be created by specialized forces outside the group.
4. Give examples which support the principle that increasing technological development causes increasing specialization.
5. Explain how the physical environment may cause specialization in fields other than economic.
6. What major distinctions can be made between the advantages and disadvantages of specialization?
7. How have changes in the ratio of interdependence between the individual and the group led to an increasing impersonalization within society? What have political ideologies made of this impersonalization?
8. How is it possible for technology to bring about an increase in the interdependence among nations?

DISCUSSION

1. Are the advantages of specialization entirely economic in nature? What factors have led to the emphasis on economic advantages?

2. Illustrate the advantages of specialization on the international level.
3. Could the United States achieve isolationism from the rest of the world? Would the gains of such isolation offset the disadvantages? Give reasons for your answer.
4. In attempting to achieve world co-operation, what alternatives are there to the United Nations or a similar agency?
5. Is it possible to imagine a situation in which there would be interdependence without specialization, or vice versa? Explain your answer.
6. What assumptions lie behind the requirement of compulsory non-specialized college courses?

TERMS

Arbitration: The hearing and determination of a disputed question between parties in controversy by a person or persons chosen by the parties or appointed by governmental authority.

Geographical determinism: The theory that all aspects of a culture are shaped by the geographical environment.

Social impersonalization: Social life in which close human relationships are lacking.

Social stratification: The distinctions that exist among groups in a society as a result of specialization.

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10 MALADJUSTMENT WITHIN SOCIETY

Some of the chapters in this book are centered about various special groups; for example, the farmer, businessman, and laborer are shown to have various special functions, interests, and problems. The present chapter is concerned not with problems identified with any special group but with problems which run as continuing threads throughout all groups in society. To call them "maladjustments" is an aid to clarifying them, since they may result from failures of both men and institutions to adjust to changing social conditions. Grouping such maladjustments according to the type of behavior involved gives a rather long list, including alcoholism, drug addiction, suicide, crime, transiency, vice, delinquency, and feeble-mindedness. Of this list, which does not exhaust the kinds of maladjustment found in contemporary society, only two major areas of maladjustment are treated in this chapter—crime and mental maladjustment.

CRIME

Nature of Crime

Crime is the failure by a member or members of the group to accept the legally defined values of society. The degree of seriousness attached to any failure to observe the law varies considerably, since society does not place the same degree of importance upon all values. In the United States, for example, stealing a loaf of bread results ordinarily in only mild punishment, whereas taking a human life ordinarily brings severe punishment upon the transgressor. Most societies, placing considerable value on human life, guard it with laws. Even in the case of this value, however, most societies make subtle distinctions in the definition of the value. Thus, with a change of body paint, an early American Indian might

with lawful and social approval take the life of a member of another tribe, and a modern man may do the same by changing clothes and learning certain activities, such as marching, saluting, and firing a weapon.

The variation in kinds of behavior which violate legally defined values has resulted in various classifications of crimes. Most frequently, classification is made on the basis of the importance of the value which is threatened—in other words, on the seriousness of the crime. When major values are threatened, the act is termed a *felony*. When lesser values are threatened, the act is classified as a *misdemeanor*. The distinction between these two classifications is often difficult to make, since the dividing line between values varies. Since the treatment of persons found guilty of crimes differs on the basis of this classification, unfairness may arise when the law is applied. For this reason, some authorities have advocated that the treatment of criminals should be in accordance with the evidence in each case. Thus, a felony would not be treated arbitrarily as such, but the circumstances under which the crime was committed would be considered when punishment was prescribed.

Another classification, based on the motives of the persons committing an offense, divides crimes into the political, economic, sexual, and so forth. The difficulty involved in such a classification is that few crimes can be reduced to a single motive. For example, the craving for excitement and revenge, as well as financial gain, may enter into an economic crime.

Crimes are also classified as being against public order or morality, against property, and against persons. When recorded crimes are classified under these headings, those related to public order or morality are the most frequent, and those against persons—for example, homicide and rape—are the least frequent. Stress should be placed on the phrase "recorded crimes," for not all criminal offenses are actually listed by the police.

Nature of Criminals

When the definition of crime is applied to the individual involved, any person becomes a criminal when he indicates by his actions that he does not accept a legally established value. Does a person remain a criminal even when he has suffered punishment for his crime? If society remains unaware of a person's violation of a legally established value, is that person a criminal? If a crime is committed and the machinery of justice becomes aware of but

does not record the instance or punish the offender, is the one who commits the act a criminal? The answers to these questions vary according to the degree of inconsistency between the legally established values and the interpretation of these values by the members of the society. For instance, the time factor may make a law which stands on the books obsolete, and a person violating the law may no longer be regarded as a criminal by his fellow citizens. It is against the law in Vermont for a woman to walk down the street on Sunday without her musket-carrying husband twenty paces behind her. An Indiana law makes work on Sunday illegal unless the individual is less than fourteen years of age. According to the definition of a criminal, the persons who break these and other obsolete laws are criminals, but society does not so regard them.

If an individual is to be marked as a criminal only if the crime he has committed is *recorded*, the basic definitions of crime and a criminal no longer apply, since many violations of legally established values are never recorded. In such cases, other values, such as economic, religious, or social, replace the legally defined values. This inconsistency is evident in what has become known as "white-collar crime."

WHITE-COLLAR CRIMINALS In general, the members of society consider only the officially recorded and publicized offenses as "crimes." The violation of legally established values can be observed under these circumstances. Research in officially recorded crimes indicates that most of them are committed by members of the lower socioeconomic group. Documented studies of juvenile court cases and reformatory inmates reveal a background of poverty. Studies by the Bureau of the Census indicate that most inmates of State and federal prisons have had a low economic status prior to commitment. Ecological studies also indicate that a greater percentage of urban delinquents reside in the slum areas than in other sections of the city.

If, however, the study of crime is based not on the official records alone but also on the basic definition of crime, a different situation is revealed. The regular legal procedure for a car thief is arrest, trial, conviction, and sentencing. But observe the case of a youth whose family has considerable money and status in the community. He may go through the entire above sequence, but he is less likely to do so than the youth who lives in the slums. The person whose car is stolen by the youth of a well-to-do family may report the

matter only to the youth's parents. The police, if involved, may not record the theft but may simply return the car and warn the youth and his parents "not to let it happen again." If the youth is arrested and booked, the judge may dismiss the charges on assurances by the boy and his parents that it will never happen again, or if the boy is sentenced, the sentence may be suspended by the judge. Through such evasions and by the use of high-priced legal talent, those members of the highest socioeconomic groups who are "criminals" by definition are often not included in the officially recorded and publicized crime lists. Furthermore, even when they are recorded as criminals, their punishment is often less severe than that ordinarily given for the crime. This digression from the regular procedure regarding "crime" has led to the use of the term "white-collar crime" for such offenses.¹

White-collar crime is not restricted to sons of wealthy fathers. In a detailed investigation of the extent of such crimes, Sutherland tabulated the decisions of courts and of administrative commissions against seventy of the country's largest mining, manufacturing, and mercantile corporations. This study showed an average of fourteen adverse decisions per corporation. Sixty per cent of these corporations had been convicted an average of four times in criminal courts. Some of the crimes for which they had been found guilty were restraint of trade, misrepresentation in advertisements, patent infringement, and rebates. The convictions in these cases were not widely publicized, the corporations continued operations, and the managers were not jailed. The butter interests in New York City were convicted of illegal price manipulation estimated to have cost the buying public millions of dollars. The fines imposed by the court for this crime totaled \$50,000.² This "severity" of punishment is similar to that imposed by the judge when he merely admonishes the wealthy youth that "it must not happen again."

In a nation-wide survey, investigators for the *Reader's Digest* magazine found that 75 per cent of the garages misrepresented the seriousness of a minor mechanical defect in patrons' automobiles. Similar fraudulent practices have been discovered in the watch, radio, typewriter, and television repair businesses. If all the evidence of violation of laws were available for unrecorded as well as recorded crime, quite probably the conclusion would be that criminal behavior pervades all levels of society.

¹ Adapted from Edwin H. Sutherland, *White Collar Crime* (New York: The Dryden Press, Inc., 1949).

² *Ibid.*, Chapter 2.

DELINQUENTS In most societies, a distinction is made between a criminal and a delinquent. The basis for this distinction is the degree of responsibility of which a person is judged capable at a given age. At present, the common practice is to assume that a person of sixteen years of age or older can be held responsible for his own activities. Below that age the offender is termed a "delinquent" and receives a different kind of treatment from that given a "criminal." This difference in treatment emphasizes the fact that society does not always hold to absolute attitudes concerning its legally established values. Most societies place a high value on their children and make every effort to protect them. At the same time, legally defined values are definitely stated in the form of laws. Thus, the black and white of the laws become blurred and changeable when a clash between important values is involved. Delinquency is not considered as distinct from criminality throughout the rest of this chapter, except in the section dealing with the treatment of criminals.

Extent of Crime

Although not all crimes are reported and not all reported crimes are recorded, some knowledge of the extent and the patterns of crimes in the United States can be obtained. Homicide, theft, and rape are reported most of the time, but other crimes, such as blackmail, fraud, and abortion are not consistently reported. Apparently those knowing about crimes of these types do not always feel that social values are being threatened sufficiently to warrant notifying the police.

Prior to World War II, the crime rate in rural areas was below that in urban areas, and the crimes committed in rural areas were more frequently against persons than against property. The years following the war, however, brought a change which makes the rural crime pattern more nearly like the urban. In rural areas, not only has the over-all crime rate increased but also crimes against property have increased more rapidly than have crimes against persons. Crimes in rural areas increased 8.5 per cent in 1949, 4.4 per cent in 1950, and 8.3 per cent in 1954. In 1949, the increase in crime in urban areas was 4.2 per cent. In 1950, urban crime remained practically unchanged, and in 1954 increased 4 per cent. The increased tangible wealth of the farmer, the increased mobility of the total population throughout both rural and urban areas, and

the spread of urban ways of life to farm areas are the probable causes for the increase of crime in rural areas.

The crime rate for the nation has continued upward into new highs since World War II. In 1937, the number of criminals in the United States was 4,350,000, according to the estimate of J. Edgar Hoover, the head of the Federal Bureau of Investigation. In the same year, the number of major crimes recorded was 1,415,816, which number had increased by 1950 to 1,790,030, and by 1954 to 2,267,250. The FBI statistics cover only major offenses, such as murder, rape, larceny, aggravated assault, robbery, auto theft, and burglarly, known to the police. By 1950, organized crime had increased to such an extent that a Senate investigating committee made inquiries into the behind-the-scenes operations of horse racing, gambling, and the numbers racket.

The increase of crime in rural areas has been only one of the noticeable changes in the national crime pattern. Another is the shift of organized crime into the field of large-scale gambling. This trend indicates that the criminal feels "safer" in this type of activity and that the financial gains far exceed those from robbery and racketeering. The syndicated gambling operator does not operate like the crude Al-Capone-era racketeer and gambler or the gun-toting, Dillinger-type gangster of former years. Operations are usually centered in large urban areas, with the leading person carrying on a respectable businessman's routine in very ordinary offices. The extent of such operations is indicated by the fact that the estimated amount of money that changes hands in gambling each year is between \$15 billion and \$21 billion.

Causes of Crime

Penologists and criminologists agree that there is no single cause of crime. It is difficult even to determine the importance of any one of several factors thought to be involved in a single case of criminality. Progress has been made, however, and to some extent the conditions leading to crimes have been determined.

Even as late as the first half of the nineteenth century, the cause of criminal behavior was assumed to be the work of a demon. Environmental factors, motives, diseases, or other conditions were ignored, and punishment was arbitrary and inconsistent. In the nineteenth century, Cesare Lombroso of Italy maintained that all criminals were born criminals and that they could be recognized by certain distinctive physical characteristics. Later, these char-

acteristics were classified, and the number possessed by an individual indicated his degree of criminality. Some of the characteristics were a flattened nose, long lower jaw, and imperfectly shaped head. This approach to crime was in direct conflict with a French school of thought which held that crime was basically imitative. Obviously, crime could not be both entirely inherited and entirely learned by imitation. Today, criminologists are in general agreement that criminal activity is not an inherited pattern of activity but is acquired or learned.

Certain conditions or circumstances tend to affect the attitudes of individuals in such a way that they become criminals. These conditions are not specifically "causal" conditions but are better defined as "risk factors." In other words, the possibilities that criminal behavior will develop are greater under these conditions, though there is no absolute causal relationship between them and criminal behavior.

First, either low mental ability or mental maladjustment may contribute to criminal activity. The mental attitude of the criminal undoubtedly differs from that of the noncriminal, since the criminal is unable to understand the worth of those values which society has specifically protected by law.

Second, physical conditions, such as poor physique, glandular malfunctioning, short stature, or unattractive appearance, may lead to an inability or unwillingness on the part of an individual to accept the legally defined values of the group. In an effort to overcome his inadequacies, the individual may engage in compensatory activity to attract the attention of the group or to gain revenge against the group for its attitude toward his physical condition.

Third, age seems to influence criminal behavior. Persons in the younger age groups are greater criminal risks than older persons. The number of arrests of persons from twenty to twenty-nine years of age exceeds the number of any other ten-year age range. In 1954, the FBI reported more arrests of persons twenty-four years of age than for any other age. Also, 16 per cent of all persons arrested in 1954 were under twenty-one years of age.

Fourth, undesirable environment is linked with crime. As has been noted, ecological studies of the city show that a slum environment has a higher crime rate than other areas. Much crime is a direct result of association with persons who are already engaged in criminal activity. Thus, a youth who lives in a slum environment will in all probability be influenced by criminal companions.

Fifth, family maladjustment is believed to contribute seriously to criminal behavior. Studies of criminal activity have demonstrated that broken homes and homes in which bitter conflict takes place are often in the background of a criminal. Youths growing up under unfavorable home conditions have a poor chance to become habituated in socially approved behavior. The personality conditioning which the individual receives from his family is permanent and strong enough to influence all activities in life.

Sixth, economic pressure tends to cause criminal activities. Desire for wealth and the pleasures and advantages which money can bring may lead to crime. To persons who commit crimes for these reasons, legal punishment seems to be a small risk for gaining their goals.

None of the above conditions alone necessarily constitutes a cause for crime. A person who is exposed to these conditions, however, is a poorer criminal risk than one not so exposed. On the other hand, an individual may have good health, a fine home in an exclusive residential district, and wealth, and still commit crime.

Results of Crime

Accurate estimates of the cost of all aspects of crime are impossible. There are both direct and indirect costs, including such things as costs of prison upkeep, costs of law enforcement, costs of courts, losses through fraud, insurance carried as protection against crime, property losses, and assumed losses through treason against the United States. The many men and the facilities necessary to carry on crime suppression constitute a huge loss in productive resources and are an added burden upon the taxpayers. The public bears the brunt of the total cost, whatever it may be, and authorities agree that the financial burden of crime is many times the cost of education.

Losses through crime, however, are more than monetary. The human tragedy and suffering both among the victims of criminal action and among the imprisoned offenders is enormous. A loss of status among the relatives of a criminal also often results. A community may lose status if crime is prevalent. The demoralization which often spreads from the publicizing of embezzlement, fraud, and political corruption is a social loss.

Recently, new methods of criminal activity have become prevalent in industrial areas and have resulted in losses to both the individual and the community. For example, the large factories

throughout the country have been fertile ground for the growth of the numbers racket. Strategically placed, illegal slot machines in taverns and stores take a large share of the wages of the workers. In extreme cases the employee's paycheck never reaches home, and even the housewife may lose a part of the family earnings by trying her luck. In any case, the family will feel the loss. The profits from such gambling net the operators an amount which is sufficiently large to affect the level of living in some industrial areas. The corruption which inevitably accompanies such crime is a cost to society. Police, labor union stewards, judges, and sheriffs are sometimes bribed by the gambling interests. And other types of crime are more likely to occur in the morally degraded area.

Methods of Dealing with Criminals

The usual answer to the question of why criminals are imprisoned or fined is that they should be punished. But why are such wrongdoers punished? One answer to this question is that punishment avenges society. If punishment is inflicted to gain satisfaction for an injury to society, however, society must receive some value in return for what has been harmed. Just what value the criminal gives to society to make amends for his crime is not always clear. Prisoners have been put to work at tasks ranging from repair of public roads to making automobile license plates. The values received by society for such labor are so small in comparison with the total costs of prison upkeep, however, that the success of any attempt to reimburse society may be questioned.

Another answer to the question is that punishment will deter the wrongdoer from later criminal activity and will be a warning to persons contemplating a life of crime. Whether these purposes are achieved is also questionable. For example, in the State of Massachusetts, which keeps accurate records of persons committed to its correctional institutions, the figures for 1936 showed that approximately 65 per cent of all persons committed to these institutions were "repeaters." The average number of previous commitments for these recidivists was 5.6, and 2 per cent of the recidivists had records revealing more than 30 commitments each. Indeed, authorities estimate that approximately 60 per cent of the criminals received in all prisons and reformatories are recidivists.

The "warning" given persons to keep from committing crime is apparently often unheeded. In the nineteenth century in England, for example, death by hanging was the punishment for pocket pick-

ing. But so many pockets were picked among the crowds which attended the hangings that this form of punishment was discontinued. In the United States, some States have a death penalty for murder; others do not. Studies of the homicide rates reveal that there is only slight variation between those States which have the death penalty and those which do not. Capital punishment apparently does not stop the would-be murderer.

INSTITUTIONAL PUNISHMENT The history of imprisonment reveals that although its roots go back to early societies, wide acceptance of the practice has come in modern times. Primitive societies rarely used imprisonment as a form of punishment, and the ancient Greek and Roman states seldom used it for minor offenses. In England, prior to the Elizabethan period (1555-1603) confinement was not to prisons but to such places as castles, hospitals, isolated fortresses, convents, and monasteries. In 1576, the English Parliament provided that a "house of correction" should be erected in each county. Imprisonment as a form of punishment, however, gradually came to be accepted, and by the second half of the eighteenth century it was in common use in Western society. For a number of crimes, imprisonment replaced the death penalty and banishment from the country. The early prisons were usually large rooms, into which all types of offenders were placed. Debtors, murderers, rapists, young pickpockets, old thieves, men, women, and the insane shared the filthy, dark, crowded houses of correction.

In the United States, far-reaching changes were made in this system of imprisonment by the Quakers in Pennsylvania. This group had long worked for more humane methods of treatment for criminals. By the beginning of the nineteenth century, they had established the type of institutional punishment known as the Pennsylvania system, which featured isolation of each prisoner within a single cell. There were four reasons for the Quaker use of solitary confinement. First, separation of hardened criminals and first offenders would lessen the opportunity of those who had more experience in crime to influence the others. Second, the control of the prisoners would be easier and more efficient. Third, the loneliness and mental pressure of solitary confinement would make a prisoner want to work and, if provided with tools, he could learn a useful trade. Fourth, solitary confinement would cause the criminal to ponder his misdeeds and inspire him to reform.

Another prison system developed about the same time in the

State prison in Auburn, New York. The Auburn system also made use of individual cells, but the prisoners were isolated in their cells only at night. During the day, they congregated to work in prison shops or in the prison yards. No conversation was allowed at any time, and movement about the prison was by groups marching in lock-step. All prisoners had their hair closely cropped and wore striped suits. The Auburn system was known also as the "silent system."

Both the Pennsylvania system and the Auburn system were improvements over the earlier prison systems. The prisoner worked to pay, at least in part, for the expense of keeping him. The hardened and youthful criminals were separated, as were the sexes, and the accused were no longer thrown in with the convicted. Neither system, however, applied any scientific measures to reform the inmates.

For a time, some States organized their prisons according to the Pennsylvania system, while others followed the Auburn system. The Auburn system became generally favored, and by 1860 all States except Pennsylvania were using it. By the twentieth century, Pennsylvania also had abandoned the Pennsylvania system. Gradually numerous modifications have been made in the original Auburn system. In most prisons, the lock-step has been done away with, and the strict rule of silence no longer is adhered to, though communication usually is restricted somewhat. Many prisons now feed the prisoners in a common dining room instead of in their cells (silence at meals generally has been maintained). More attention has been given to sanitary requirements and to ventilation and heating than in the past. In most States, prisoners are graded for the purpose of discipline and, though all grades work together in common shops, those of higher grades are given certain privileges. Some prisons are carrying out educational and recreational programs. In general, the changes made are for the purposes of providing more humane treatment, improving discipline, and providing ways by which prisoners can be reformed.

PUNISHMENT VERSUS REHABILITATION Although changes are being made in prison systems, contemporary treatment of criminals is still motivated to some extent by the basic ideas of deterrence and punishment for vengeance. Conditions in the present systems of imprisonment indicate, as we have said, that the punishment of criminals is not always an effective means of deterring them from

future criminal activities. Actually, prisons may become training institutions for criminal activity. The association between the more experienced law violators and the less experienced sometimes results in the dissemination of knowledge of illegal practices. The whole web of crime becomes strengthened by the interchange of information about dishonest lawyers, "fences," hideouts, and methods of obtaining such things as unidentifiable guns and automobiles. Sometimes, even, gangs are formed by prisoners for future criminal operations after they are released. It is not uncommon for a first offender to leave prison a confirmed criminal.

Even when the criminal has intentions of "going straight" upon release, he finds that society frequently will not give him the opportunity to do so. Society stigmatizes the former prisoner. The curiosity and suspicion which his presence often arouses may lead him to engage again in criminal activities. The mere adjustment from prison to normal life is, of course, difficult to make. Exceptional effort is required to restimulate interest in many matters which have not received attention for a long period. Such normal activities as keeping up with news events or governmental activities may seem unimportant upon release from prison. For ex-prisoners without special skill, the difficulty of finding a job is another obstacle to adjustment. Only a few State prisons and the federal prisons have adequate systems for giving inmates occupational training that will be useful after their release. And even if he is prepared for some occupation, the ex-prisoner may be unable to get a job, since many employers are reluctant to hire a man with a prison record.

Probably the most effective effort of the present prison systems to meet these problems is their programs of conditional release, probation, and parole. Under a conditional release program, the inmate is allowed to reside at home for short periods of time, the periods away from prison being lengthened as the prisoner demonstrates social responsibility and good behavior. During these periods, he is checked frequently by the correctional authorities. Probation operates to keep the person who has committed a crime out of prison, even though he has been sentenced to serve a term, on the condition that he follow certain regulations. These regulations include such provisions as avoiding certain areas and companions, working in an approved job, and reporting to a probation officer at regular intervals. When a prisoner is given a parole, he is released from prison but remains under the custody of the state. Certain restrictions, similar to those in probation, are placed upon him, and

he is required to report regularly to a parole officer until he has fulfilled the conditions of the parole.

These programs have certain advantages over confinement in prison. They are more economical for the government, since the individual involved must support himself. Outside agencies, such as night schools, welfare agencies, and civic recreational programs, can be drawn on to influence the individual. Most important, the individual has an opportunity to live a normal life away from the abnormal environment of the prison.

In the early nineteenth century, a French penologist, Charles Lucas, maintained that rehabilitation of the criminal should be the major aim of prison management. Methods by which rehabilitation may be carried out, however, have not been developed to any great extent. The basic philosophy of rehabilitation is that a prisoner will reform under the incentive of release from prison. Evidence of the reformation is based upon good work and good behavior while in prison. The indeterminate sentence, grading and promotion of inmates, parole for good behavior, and general and vocational education are features of a program of rehabilitation. If given an indeterminate sentence, a prisoner is confined for an unspecified length of time and is released when the prison authorities decide that he is a "good" risk. Usually when a prisoner is released under an indeterminate sentence, he remains under direct supervision of the authorities for a time.

Under a grading and promotion system, the term of confinement depends upon the good behavior of the prisoner. Several behavior categories are established, through which the offender must pass before being released. The prisoner is given credit for his good behavior and is passed into a higher category on the basis of the amount of credit he accumulates. One of the drawbacks to this system is the difficulty involved in judging the actions of the prisoners. One guard in a prison may judge an act as insignificant, while another guard may give credit for it. Nor does good behavior in prison necessarily lead to continued good behavior after release from prison.

Some of the most effective work in rehabilitation of criminals has been done in the field of juvenile delinquency. The Youth Correction Authority Plan is one of the recent steps in the treatment of juvenile delinquents. No sentence is imposed upon the youth unless he has committed a serious offense; instead, he is turned over to the Youth Correction Authority. An investigation is made of all

aspects of his background and of the offense. The treatment is planned according to the needs of the individual. He may be put on probation, given occupational training, or confined to a reformatory. Careful and skilled study of each individual case is the all-important feature of this plan.

Reduction of Crime

Education, slum clearance, improved economic security, and like efforts have probably contributed to the reduction of crime, although the evidence is not conclusive. One suggested method of reducing the crime rate is to reduce the number of laws protecting social values. In other words, it is felt that if the laws regarding petty rules and obsolete values were repealed, law-enforcement agencies could concentrate on violations of major values. The leaders in the hierarchy of crime could then be apprehended, and the sources from which much petty crime flows would be eliminated.

The establishment of a "natural leadership" program for urban youth is another method which has been suggested as a means of reducing crime. Such a program makes use of resources that exist even within a slum area, and clubs are formed to encourage hobbies, sports, and vocational training. All of the personnel and the leaders in the clubs are found within the locality, and guidance is more or less by remote control from sponsoring civic groups. In Chicago, a comparison was made of the delinquency rate in an area having such a program with that of a similar locality which did not have a program, and the results justified the assumption that crime could be somewhat reduced by this method.

The development of knowledge in the field of criminology and of better methods for predicting illegal and post-prison activity contributes to crime reduction. Studies of juvenile activity show that predictions regarding an increase or decrease in crime can be made. Furthermore, much work has been done to establish accurate criteria for the prediction of success or failure of parolees. A comparison of the predictions made for the State of Illinois with the actual results revealed that the parolees tagged as the worst risks violated their parole six times as often as those predicted to be the best risks.³ But although the predictive devices may improve, the burden of the decision as to whether to release a man on parole

³ E. W. Burgess, "Parole and the Indeterminate Sentence," *Annual Report, Illinois Dept. of Public Welfare*, 1937, p. 692.

remains with the parole board and indirectly with the public. In the long run, a basic understanding and respect for the legally established values of the society must be inculcated in all members of society before a steady and permanent reduction in crime will occur.

MENTAL MALADJUSTMENT

As was indicated earlier, in the past the mentally deficient or diseased received treatment similar to that of the criminal. It is estimated that as late as the middle of the nineteenth century, a majority of the insane in the United States were still confined in prisons and jails. A movement to place the insane and feeble-minded in separate institutions began in the early 1840's, when Miss Dorothea Lynde Dix persuaded the authorities in some of the States to establish hospitals for the insane. The treatment for the mentally maladjusted has been improving since that time. Evidence indicates, however, that the public has not fully understood and supported the need for adequate and effective treatment of this type of social maladjustment.

Understanding mental maladjustment requires a knowledge of some of the classifications and terms used in discussing this social problem.

Types of Mental Maladjustment

To aid in the analysis and treatment of mental maladjustment, a distinction has been made between two types of mental deficiency. One type, "amentia," includes those persons who inherit a mental deficiency or who are made deficient by conditions occurring at or near birth. The other type, "dementia," includes those persons who, as a result of an organic disease or of some psychic breakdown, become mentally deficient. Since this classification is based upon the source and time of the deficiency, the deficiency itself is always a matter of degree in relation to a "norm" which the general population establishes. The distinction is explained by Gillin as follows:

. . . in contrasting the "insane" or the mentally defective with "normal," we should keep in mind that they differ from the rest of us only in degree. Most of us have some of the characteristics found in the insane, in the feeble-minded, even in the epileptic. Just as between the "sick" and the "well" the difference is only a matter of degree, so in the matter of mental "illness" the difference between

the state of mind and emotions of the mentally "abnormal" and the "normal" is but one of degree.⁴

The degree of mental efficiency is usually measured by standardized intelligence tests. Different grades of mental deficiency, based upon mental age, have been established for purposes of comparison. For example, idiots have a mental age ranging from zero to two years, imbeciles from three to seven years, and morons from eight to twelve years. Those who have normal minds which become affected are often grouped into the two classes, neurotics and psychotics. The neurotic has only a mild form of nervous disorder and need not be institutionalized. The psychotic evidences severe mental derangement and is usually placed under institutional care.

Extent of Mental Maladjustment

The extent of mental maladjustment is indicated by the fact that more than one-half of the hospital beds in the United States are occupied by persons suffering mental disorders. The selective service system of World War II revealed the extent of mental disorders. About 1.8 million men were rejected by Selective Service Boards as psychically unfit, and the army discharged about 450,000 men for psychopathic reasons. A survey of mental disorders made in Miami County, Ohio, a rural and semirural area, was carried out on the basis of six major indexes of personality and mental difficulties. These six were Selective Service examination results, tests of school children, records of juvenile delinquency, court records of commitments to mental institutions, adult crime records, and court records of divorce. It was estimated that in this county one person out of every five was in need of some kind of professional counseling service to aid him with mental difficulties. In the United States, the number of persons per 100,000 population confined to psychopathic institutions was about 63 in 1880 and 371 in 1945.

Although these figures indicate that mental maladjustment has been increasing in the United States, some aspects of the evidence must be considered if the true situation is to be understood. Few adequate surveys were made of the mentally deficient at any time prior to the last three decades. Institutionalization of the milder forms of mental diseases was uncommon, and hospitals did not provide treatment for the more severe cases. Insanity has been, in the past, a thing to be hushed up and forgotten. Today it is more often

⁴ John L. Gillin, *Social Pathology* (New York: Appleton-Century-Crofts, Inc., 1939), p. 105.

brought to light and treated as an illness. Skill in diagnosis of mental diseases has improved, and cases which formerly went unnoticed are now discovered. For these reasons, care should be used when comparing the total figures for mental maladjustment at the present time with those of earlier periods. Authorities agree, however, that the last decade shows an increasing amount of abnormal mental cases in the population of the United States.

Causes of Mental Maladjustment

The causes of amentia are generally thought to be related to such things as injury to the child at the time of birth, certain infectious diseases of the mother which have influenced the unborn child, glandular malfunctioning, and malnutrition.

The causes of dementia run a range similar to that for crime. In proportion to population, urban areas have about twice as many mental cases admitted to hospitals as do rural areas. The speed, time-consciousness, monotony, grating, and insecurity which characterize the life of the city individual are not conducive to settled nerves or mental serenity. In addition, modern man has turned more and more away from the comforting security of sacred beliefs to a more secular way of life. He is brought into conflict with himself and with others and often has no place to turn for resolution of the conflict.

Contemporary man must cope with a far more complex life than his ancestors. The number of values which impinge upon his consciousness and from among which he must choose keeps him in an almost constant state of value-awareness. Some of the values are in conflict with one another, and a decision must be made regarding them. The pressure brought on the individual to make a decision may be so great that mental maladjustment results. Robert S. Lynd has pointed out twenty conflicting assumptions in American life that illustrate value conflicts confronting the average individual. Ten of these are selected as examples of such conflicts.

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(3) The thing that distinguishes man from the beasts is the fact that he is rational; and therefore man can be trusted, if let alone, to guide his conduct wisely.

But: Some people are brighter than others; and, as every practical politician and businessman knows, you can't afford simply to sit back and wait for people to make up their minds.

(4) Democracy, as discovered and perfected by the American people, is the ultimate form of living together. All men are created free and equal, and the United States has made this fact a living reality.

But: You would never get anywhere, of course, if you constantly left things to popular vote. No business could be run that way, and of course no businessman would tolerate it.

(5) Everyone should try to be successful.

But: The kind of person you are is more important than how successful you are.

(6) The family is our basic institution and the sacred core of our national life.

But: Business is our most important institution, and, since national welfare depends upon it, other institutions must conform to its needs.

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(9) Hard work and thrift are signs of character and the way to get ahead.

But: No shrewd person tries to get ahead nowadays by just working hard, and nobody gets rich nowadays by pinching nickels. It is important to know the right people. If you want to make money, you have to look and act like money. Anyway, you only live once.

(10) Honesty is the best policy.

But: Business is business, and a businessman would be a fool if he didn't cover his hand.

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(12) Capital and labor are partners.

But: It is bad policy to pay higher wages than you have to. If people don't like to work for you for what you offer them, they can go elsewhere.

(13) Education is a fine thing.

But: It is the practical men who get things done.

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(17) Patriotism and public service are fine things.

But: Of course, a man has to look out for himself.

Ideally psychotherapy should aid the patient in gaining an understanding of himself, why he is sick, how he became sick, and how he can best modify his life to regain and retain his health.⁶

Adequate care for the feeble-minded and treatment for the demented are necessary for more than humanitarian reasons. Much social disorganization is linked directly to mental maladjustment. Morons and imbeciles who enter the school system hinder effective teaching and slow the advance of other students in their classes. A large proportion of the prostitutes in the United States have been found to be high-grade morons. In large cities, the intelligent criminals may exploit the lack of judgment of a mentally deficient person by making use of him as an errand-boy hoodlum. Although mentally deficient persons who marry may have normal children, the rearing of the children may present difficulties, since the parents will be incapable of providing the proper care and training for their offspring. Consequently, society often has the responsibility of caring for these children, who even then show a greater than normal tendency toward delinquency, thereby increasing both social and economic costs.

SUMMARY

Two of the major areas of maladjustment in the society of the United States are crime and mental maladjustment. To a considerable extent, the roots for the causes of both crime and mental maladjustment are found in social conditions. At the same time, undesirable social conditions may result from both of these maladjustments.

Society regards some values as important enough to protect them by law. When these legally defined values are not accepted by individuals, their acts of defiance are considered "crimes" by society. A single cause for crime is often difficult to determine. Although at one time crime was believed to be an inherited tendency, at present it is considered a learned pattern of activity. Therefore, in attempting to determine crime causation, present-day criminologists have studied social conditions, as well as individual characteristics. Certain conditions seemingly contribute to crime, but in general they are considered "risk factors" rather than definite causes of criminal activity.

Some of these risk factors are mental maladjustment and lack of

⁶ William C. Menninger, "Psychiatry and War," *Atlantic Monthly*, CLXXVI (November, 1945), pp. 107-114.

mental ability, individual physical conditions which are different from the acceptable norms of society, age of the individual, undesirable environment, and family maladjustment. Although none of these alone "causes" crime, criminal activity often results because of them. The mentally deficient or mentally maladjusted individual, for example, may be influenced by others to commit crime to a greater extent than the normal individual. Younger people, too, apparently are susceptible to criminal influences: statistics indicate that more arrests are made in younger age groups than in older ones. In some instances individuals may have a "grudge against society" for their particular life situation, and "hitting back" at society is a form of compensation to them.

Punishment of the criminal has long been considered a means by which crime within society can be lessened. Punishment alone, however, does not seem to have lessened the crime rate. A more recent trend has been the rehabilitation of the criminal so that he will be willing to accept the legally defined values of society.

Mental maladjustment at one time was considered a condition to be pushed into the background and ignored by society. In relatively recent times, however, the tendency has been to recognize that mental illness is no more a disgrace than physical illness. Thus treatment rather than punishment now is used for those individuals whose mental illness is of a nature that will respond to treatment.

QUESTIONS

1. How is crime defined? In what ways may crime be classified?
2. What is the difference between "white-collar" crime and regular crime?
3. What reasons may be given for the increase of crime in rural areas?
4. What are the risk factors related to crime? How do these compare with the causes of crime as defined by early criminologists?
5. Compare the features of the Pennsylvania prison system with those of the Auburn system. What modifications have been made in the Auburn system in the twentieth century?
6. What conditions make it difficult for a released prisoner to achieve a normal life?
7. What programs have been set up to offset some of the faults of imprisonment? What are the advantages of these programs?
8. What is the difference between punishment and rehabilitation? How is the indeterminate sentence related to these?
9. What is the difference between amentia and dementia? What is the difference between a neurotic and a psychotic?

10. Why has the treatment of mental disorders lagged behind the progress made in the treatment of physical ailments?
11. List specific reasons why special care and institutionalization of the mentally maladjusted should be carried out.

DISCUSSION

1. The legally defined values of a group may at times be of lesser importance than other values. Illustrate why and how this may happen.
2. If a crime is unintentional, or unknown to others, or paid for by a fine or imprisonment, should the person involved be called a criminal? If he is so labeled, how long is he a "criminal"?
3. If juvenile delinquency increased in your community, what would you suggest as ways in which it could be lessened?
4. Why is the co-operation of all members of society necessary if crime is to be reduced? What should society do about "white-collar" crime?
5. Discuss the public and professional changes which have occurred in attitudes toward mental ill-health. Why do you think these changes have occurred?
6. What steps has your State taken in recent years to meet the problem of the care and treatment of the mentally ill?

TERMS

Numbers racket: Organized gambling in which people bet on a three-figure number. The winning combinations are determined by such factors as the daily United States Treasury balance, baseball games, or horse races.

Recidivism: Repeated conviction of crime.

White-collar crime: Violations of the law which are not recorded and which do not receive the same administrative treatment as other violations, thus the violators escape notoriety and punishment.

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In our earlier discussion of interdependence in the life of modern man, no reference was made to the processes by which the material wants of man are met by interrelated actions of individuals and groups. The present and following chapters attempt to set forth some of the fundamental characteristics and functions of the various institutions by which the economic requirements of man are ultimately satisfied.

THE ECONOMIC SITUATION

The Individual and the Economic Situation

The economic task confronting every person and every society is to obtain, from scarce resources, goods and services to satisfy wants. *Almost every person in society plays two roles in the satisfaction of wants.* As a consumer he buys goods and services; as a producer he aids in the production of goods and services. In both roles, a person must make decisions or choices. As a consumer, he decides what purchases will best satisfy his wants. As a producer, he chooses a job to earn enough to pay for the things he buys. The choice of a job involves making a decision as much as does the purchase of a new suit of clothes or a basket of groceries. One selects a job that presumably will best utilize his abilities, satisfy his interests, and meet his economic needs.

Because a person's income is limited and his wants are unlimited, he is forced to choose which wants he will satisfy. Therefore, the economic task confronting almost every person is that of choosing a job to earn an income and from this limited income purchasing the goods and services that will best satisfy his wants. In other words, he must economize.

Society and the Economic Situation

The goods and services that a person buys are supplied by a complex, continually functioning process, one which co-ordinates the productive activities of many people. This process is socioeconomic in nature, being established by society in a continuing attempt to meet economic needs as efficiently and satisfactorily as possible. As we have said, the economic task facing society is to produce from scarce resources the goods and services that people want. Just as individuals must economize in using their income to get goods they consider most important, society must also economize to use its scarce resources for the greatest satisfaction of its members. To this end, society maintains certain economic institutions.

Wants are unlimited. People want food of various kinds, clothes, houses, automobiles, operas, movies, sports, amusements, books, paintings, medical service, legal advice, and thousands of other things. Wants are often socially conditioned. A man may be satisfied with his car only until his neighbor gets a new model. The housewife may be contented to wash dishes by hand until her next-door friend buys an electric dishwasher. Furthermore, wants are continually increasing and are cumulative in nature.

Resources, on the other hand, are limited. Resources are of three types. First, there are the natural resources with which the earth is endowed, such as coal, forests, petroleum, and soil. Often the term "land" is used to designate such resources. Second, there is labor, which is supplied by people. The nature of the labor supply is dependent upon such conditions in the population as the age composition, the degree of skill or lack of skill, and the willingness to work. The third type of resource, capital, consists of those goods which result from the application of labor to natural resources and which are used to produce more goods. Machines, factories, tools, and transportation facilities are examples of capital goods.

Although resources in some areas of the world are abundant, they are not sufficient to satisfy all the wants of mankind. Scarcity of resources is a universal condition. As stated previously, the economic situation presents the problem of using the scarce resources in order to satisfy wants to the greatest possible extent. In other words, the economic problem is that of allotting or dividing scarce resources among competing uses. It is the problem of what to do with a little when one has much he would like to do. Scarcity indicates a relationship between man's wants and resources and is not necessarily re-

lated to any particular level of living. Wants grow as society grows and the material level of living improves. The generation of people who founded the American Republic economized to satisfy wants which would be considered only bare essentials today. Today people want television sets, radios, automobiles, juke boxes, and night clubs—luxuries which, naturally, were unheard of by the founding fathers. Yet the present generation economizes to satisfy these and other wants, just as the former generation did to satisfy its wants.

Every society, no matter how complex or how simple, must face the economic problem. Every society must also organize a system to carry on activities in order to solve that problem—that is, to economize. Because such a system is socially established to get the most want satisfaction out of scarce resources, it is referred to as a socioeconomic system.

FUNCTIONS OF A SOCIOECONOMIC SYSTEM

In the operation of a socioeconomic system, certain basic decisions are necessary. These decisions are related to the five major functions of the system.

What and how much shall be produced? (Production)

In deciding what and how much shall be produced, the members of society have to evaluate their wants. For example, they decide whether houses or automobiles shall be produced and in what quantity. To some individuals, vitamins are a necessary want, while to others vitamins are unnecessary. In other words, individuals place different values on particular wants, and the socioeconomic system must provide a means for supplying the goods that will satisfy the variety of individual wants to the greatest possible extent.

How are these goods to be produced? (Direction of resources to productive processes)

After wants are expressed, resources must be directed to productive processes. How much of each resource (land, labor, capital) shall go into the production of a particular good must be determined. Ideally, resources will not be used for producing goods that will not be wanted. Hence consumers, by expressing their wants, determine how the scarce resources are to be utilized. To the manager of productive processes, the obtaining of resources constitutes cost. He will strive to produce goods which are of value to consumers and will not use resources for producing goods which

consumers do not want or value. Thus, a balancing of cost and value takes place.

How are these goods to be distributed? (Distribution of income)

After goods are produced, how shall each person's share of the total output of goods be determined? Individuals obtain income from selling resources to producers and use their income to obtain goods; actually, an income is a claim against goods and services. As stated previously, individuals place different values on goods, and these different values are indicated by the amount of income individuals are willing to spend for particular goods. The socioeconomic system must take this condition into account and produce those goods that people want and buy. Thus, distribution must be guided by the different values individuals place on the means of satisfying wants. Only then will goods be distributed in the right proportions to people who want them.

Who shall have the right to consume what? (Adjustment of consumption to production)

When production is not exactly as needed or wanted, consumption must be adjusted. If a great many people want a particular good, a sufficient supply may not be available immediately to meet the desires for the good. For example, if a large number of buyers should decide to buy white nylon slipover sweaters, the supply on the market may not be sufficient to satisfy all the buyers. Therefore, some means must be used to distribute the sweaters that are available. In the following chapter, the price mechanism is explained as one means of fulfilling this function. Rationing is another means of distributing available goods. This system may be established by governmental authority or by producers in allocating only a certain amount of the good to particular wholesalers or retailers. Whatever method is used, the socioeconomic system must be so arranged that this distributing function will be performed.

At what rate shall capital goods be produced? (Savings and investment)

Members of society need to decide whether they will use resources for immediate consumption or will set aside some of them to be used to produce capital goods. These goods enable the productive process to be enlarged, thereby eventually making more goods available to satisfy wants. The cost of building capital goods is reduced consumption of food, clothing, and other goods. In other words, when individuals decide to refrain from immediate consumption of resources in order to build capital goods, they are en-

gaging in the process of savings and investment. The socioeconomic system must function in a way to encourage people to save resources and to use these resources to provide for expansion of the productive process.

Every society must discharge each of these five functions in some manner in order to co-ordinate the economic activity of the individuals within the society. In making the decisions basic to the fulfillment of these functions, various societies have devised different kinds of socioeconomic systems.

KINDS OF SOCIOECONOMIC SYSTEMS

Caste System

A caste system is based upon custom and heredity. In such a system, each person is born into his economic position in life and is required to follow his father's occupation or calling. The European manorial system of feudal times exemplifies the caste system. A serf cultivated his strips of land and performed services for the manorial lord, not because he had special ability for these activities, but merely because he was born into serfdom. The whole economy of feudal times was dictated largely by custom and tradition, and the functions of the socioeconomic system were fulfilled according to custom and caste. The methods of production and the direction of resources to productive processes were determined by tradition. The distribution of the products of the economy among individuals also was based upon caste, or standing in society. Although the caste system of feudal times would be inadequate for modern society, it did enable the feudal socioeconomic system to fulfill its basic functions.

Autocratic or Despotic System

In an autocratic socioeconomic system, the autocratic ruler or despotic class makes all decisions. The wants of the individuals in society are not necessarily considered, production and occupational decisions being made by those in power. Such a system may provide a smoothly operating economy and may be efficient in obtaining goods from available resources, but it has relatively little regard for individual rights and individual wants. Nevertheless, the autocratic or despotic class still has a variety of wants and only limited resources to satisfy those wants. Economizing is necessary to achieve satisfaction of the wants even of the rulers.

Barter System

A third kind of socioeconomic system is the barter system. In some primitive societies, this kind of system has been relatively adequate to meet the economic problem. In some contemporary societies, simple exchange of goods is engaged in extensively. For example, in a predominantly agricultural economy, the farmer and his family consume a large part of the produce obtained from the farm and may exchange the extra produce in the market for goods that cannot be produced on the farm. No complicated organization is required to fulfill the functions of this socioeconomic system.

Communitistic System

In a communistic form of socioeconomic system, the society or group as a whole owns both the means of production and the finished goods. The group decides what should be produced and what share of the goods should be received by individuals in various occupations. This system requires considerable governmental regulation and control. The controlling political agency, which is held responsible to the people, determines the wants of the people and directs resources into productive processes. All other functions of a socioeconomic system are directed by the political agency. Under the communistic system, therefore, the process of economizing and the methods of meeting the economic problem are determined by political decision.

Free-Enterprise System

A fifth kind of socioeconomic system is the free-enterprise system. This system, in contrast to some of the other systems, places emphasis upon the right of individuals to engage in economic processes. The ideal of the free-enterprise system is the absence of any central authority to tell individuals what to do and what to produce. Free enterprise fulfills the functions of a socioeconomic system by allowing the individual to produce what and how much he wishes, regardless of whether too much or too little already exists. It also allows the individual to choose his own occupation, regardless of the abundance, distribution, or shortage of labor. Under this system, the individual may buy and sell whatever he pleases in a free market. Thus, under the free-enterprise system, the functions of a socioeconomic system are fulfilled by the individuals in society acting as free agents in expressing wants, directing resources, distributing

income, adjusting consumption to production, and investing their savings in capital goods for future expansion of production.

FOUNDATIONS OF THE SOCIOECONOMIC SYSTEM OF THE UNITED STATES

The socioeconomic system of the United States uses elements of all the different kinds of systems which have been mentioned. The choice of work of some people is determined to some extent by family tradition. The son of a doctor or carpenter often will follow the profession or occupation of the father. Autocracy is often practiced in large business corporations. Decisions about directing labor within a plant are sometimes made arbitrarily by management. Barter is sometimes practiced, as when farmers trade horses or implements, city people trade houses or apartments, and producers exchange their goods directly in food markets. The government owns and manages the use of many of the resources in the United States. For example, local transportation systems and water works are owned and operated by city governments, and the national government operates the postal system and public power projects, such as the Tennessee Valley Authority.¹

For the most part, however, the United States depends upon free enterprise, which, indeed, is deeply rooted in the traditions and development of the nation. The country's development has been closely related to basic social and economic institutions which form the foundations upon which the free-enterprise socioeconomic system has been built.

Individualism

The people of the United States have been individualistic from the time of the first settlements. They were willing to uproot themselves from established societies and face the struggles and hardships in a new land. They had faith in their ability to face danger and overcome obstacles. Such a people could not help being highly individualistic; they were not only willing to face dangers but also wanted to be let alone to work out their own economic destiny.

About the time of the founding of the Republic of the United States, opposition to governmental control of the economy was developing in England and in Europe. The ideas advocated by this opposition have become known as the philosophy of *laissez faire*, which

¹ See Chapter 3, Volume II.

holds that government should not interfere in the economic activities of individuals and that each individual is a free agent in economic affairs. Adam Smith, an English political philosopher, helped popularize the philosophy of *laissez faire* by his *The Wealth of Nations*, published in 1776. The ideas expressed in this book were very similar to the ideas of traditional individualism, which best expressed the independent spirit of the people of the new United States.

Adam Smith represented the ideal society as one in which individuals would have the opportunity to advance their own economic interests. He contended that such a system would result in the greatest good for society as a whole and the maximum wealth for the nation. In this belief, the philosophy of *laissez faire* was developed by Smith and contemporary and later supporters of his ideas.

Under *laissez faire*, the individual is considered to be the best judge as to what use of his land, labor, and capital will be most profitable. The wealth of the nation, being the aggregate of the wealth of its citizens, will increase most rapidly if each individual is allowed to seek his own self-interest. *Laissez faire* also contends that competition among producers will prevent exploitation of laborers and consumers. It maintains that in order to sell goods, each producer must supply goods of a quality and price that will attract customers. The quantity and quality of goods to be produced and the allocation of payments to the owners of land, labor, and capital thus are determined by competition operating through market prices.

The opposition of *laissez-faire* philosophy to governmental control of the individual's economic activity is apparent. Exponents of *laissez faire* contend that the proper function of government is to provide the conditions which make free enterprise possible. The state should provide protection from internal disorder and external aggression. It should function to enforce contracts, provide a sound medium of exchange, and engage in certain necessary activities which would not prove profitable to individuals. This conception, naturally, limits the sphere of governmental economic operations. In other words, the government should refrain from direct economic activity, since individual enterprise is the most beneficial to both the individual and society.

Private Enterprise

A second foundation upon which the socioeconomic system of the United States is built is private enterprise — sometimes called

freedom of enterprise. Private enterprise is related closely to the free-enterprise kind of socioeconomic system just described. Private enterprise is based upon democratic principles. Within broad limits, each person has the right to engage in any kind of economic activity that he wishes.

An outstanding feature of private enterprise is the apparent lack of planning for the over-all economy of the nation. No detailed plan or blueprint is drawn for the origination of private enterprise. No person or group of persons is given the task of directing its operation. Each individual uses his own judgment in determining what is best for him in any situation. What is best may have a wide latitude of meaning. It may mean a selfish interest in his own welfare or it may mean deep concern for the welfare of society. Regardless of what the individual decision may mean, the significant factor is individual judgment and not the decision of some centralized or autocratic authority.

Within private enterprise, a wide degree of specialization in occupations has developed without a co-ordinating agency. Specialized machinery and equipment are used in production, and most members of society are working most of the time. Naturally, wants are not satisfied completely, but in spite of the lack of co-ordinated planning, private enterprise has helped to make it possible for the people of the United States to enjoy a very high level of living.

In actual practice, many deviations from the theoretical conditions of private enterprise occur. Legal limitations have been placed on entry into many professions, occupations, and other productive processes. For example, doctors, lawyers, and druggists must pass qualifying examinations before receiving a license to practice, and permission must be obtained by public utilities from the national, State, or local government before new services can be undertaken or existing services discontinued. There have also been limitations by organizations. For example, in some skilled trades, membership in a labor union, often involving a substantial initiation fee, is required for employment. Practical limitations, too, have prevented private enterprise from functioning freely. For example, in some manufacturing enterprises the size of existing firms often prevents the entry of new firms. Only one new firm has successfully entered the automobile industry in the last twenty years. And if an individual wishes to retail food, he must be prepared to meet the competition of chain stores having sales of billions of dollars annually. In actual practice, therefore, there are in our economy many modifications of the theoretical ideal of private enterprise.

Although these modifications of private enterprise exist, the significant fact is that democratic principles prevail and that fundamental reliance is still placed on individual judgment. Society invests the individual with power to make economic decisions through the institution of private property, which is a third foundation of the socioeconomic system of the United States.

Private Property

The ownership of private property has been one of the traditional rights of the people of the United States. An objective of almost every man in early American society was to become an owner of property in the form of land and a home. Subsequently, some persons have aimed to own a business establishment as well.

Not only is ownership of property a fundamental ideal of the people of this country; it is also basic in the socioeconomic system of the nation. Property itself is unalterably related to scarcity of goods. If everyone had everything he wanted, there would be no need to distinguish between this person's ownership and that person's ownership of property. In a world of scarcity, however, the determination of the right to satisfy wants is extremely important, because economic goods (property) are capable of satisfying wants. The institution of private property provides an effective means for the satisfaction of wants.

Property may be defined as the right to control an economic good. The term *property* is commonly used also to indicate the good itself. The two meanings are in reality indistinguishable. To think of property rights without some economic good to which they are connected is most difficult. The control of an economic good includes the power to own, use, and sell. Control may be public, as of national forests, the national capital, highways, waterworks, and streets. Or it may be private, as of homes, clothes, automobiles, and money in the pocket.

The fundamental place that private property occupies in the socioeconomic system of the United States is indicated by the concern of the legal system in defining and protecting property rights. Probably the law is more concerned with property than with any other aspect of group relationships. Through their political and legal structures, the people use the most severe measures in the protection of property rights. A man may even take another's life in justifiable defense of property.

Fundamental as property rights are, they are not absolute. At the same time that the law creates and protects property rights, it limits their use. For example, the right to use an automobile is contingent

upon the operator's abiding by traffic rules and other laws. The use of land in urban areas is restricted by zoning regulations. The right to sell property may be strictly controlled, as when the sale of harmful drugs or the sale of gold is limited to a few people. The right to hold private property may be subordinated to public interest. The state has the right to acquire private property for parks, highways, flood control projects, and many other purposes. In time of emergency, public officials may take over privately owned goods without permission of the owner.

In a free-enterprise socioeconomic system, however, the chief emphasis is placed on the individual's right to control his property. Therefore, one of the important functions of the state is the protection of property, so that the owner may enjoy the rights and benefits of ownership. On the surface, this function may appear to be a clear and simple one. In a changing, complex society, however, the nature of property as an economic good may change considerably. Furthermore, as industrial society developed, property came to be considered to include more than physical objects. Accordingly, the state, through the courts, found it necessary to redefine the meaning of property and to redetermine what is involved in the protection of the rights of property.

In preindustrial society, property was generally thought of as tangible or physical objects. A person who owned property in this sense was sure of the benefits and privileges inhering in possession. A carpenter who owned his tools or a farmer who owned his land was sure that with possession of his property he could enjoy the advantages of ownership. Under these conditions, the courts naturally defined property in terms of physical objects and held that protection of property meant chiefly an assurance of the owner's exclusive possession.

The growth of industrialism brought changes in the form of property and in the meaning of property rights. After the Civil War (1861-1865), the corporation became a prominent form of American business organization. Ownership of a corporation is vested in the persons who buy shares of stock. As evidence of ownership, the shareholder is given a stock certificate. The ownership of a share of stock, however, does not give the holder the right to possession of any physical property, such as the factory building, tools, and machines. Thus the former definite relationship between ownership and tangible, physical objects is lacking. The same condition exists with respect to some kinds of bonds, patents, copyrights,

the good will of a business, and other nonphysical elements which today are considered property.

The development of these new forms of property and property rights had an effect upon the law and its interpretation by the courts. The Fourteenth Amendment (1868) gave the United States Supreme Court an effective means of curbing State legislation designed to limit or control rights in or use of property. The significant clause of the Fourteenth Amendment in this connection is the one providing that no State shall "deprive any person of life, liberty, or property, without due process of law." Although adopted primarily for the purpose of guaranteeing civil rights of Negroes against infringement by the States, this clause came to be used extensively to "protect" businesses from State controls. Since this development was shaped largely by the decisions of the Supreme Court, some of these decisions may be useful in illustrating the evolution of public policy in the field of property rights.

In 1873, one of the first cases to test the meaning of the Fourteenth Amendment arose from an act of the Louisiana legislature granting a monopoly to a corporation to have exclusive use of meat-slaughtering facilities in New Orleans.² Rates were controlled by the city, and public inspection was provided. The independent butchers contested this law on the grounds, among others, that it deprived them of property without due process of law. The Supreme Court was not ready to assume the responsibility of interfering with State action to the extent urged by the plaintiffs (independent butchers) in this case. The majority opinion held that the law of Louisiana did not deprive the butchers of New Orleans of property (physical objects) within the accepted definitions of the term. Four justices dissented, reasoning that property is something having exchangeable value and arguing that a skill or a trade, since it has exchangeable value, constitutes property which cannot be taken from a person without due process of law.

In a few years, the view of the minority came to dominate the Court. By 1890, several factors had operated to swing the judiciary into a more active role in protection of property and against legislative enactments. The American Bar Association, organized in 1878, was influential in urging more active judicial protection of property. Between 1877 and 1890, seven justices who had taken part in the *Slaughterhouse Cases* were replaced, for the most part by men sympathetic to the interests of property in corporate and other forms.

² *Slaughterhouse Cases*, 16 Wallace 36 (1873).

This shift was noticeable in the *Minnesota Rate Case*,³ regarding State regulation of railroad rates. The Supreme Court ruled that "there is indeed no protection of any value under the constitutional provision which does not extend to the use and income of the property, as well as to its title and possession." According to the Court, arbitrary adjustment of railroad rates by the State became arbitrary adjustment of the value of the property itself, since the total value on the market became greater or less according to the rates which were fixed. Thus the Court came to restrict State legislation under the due-process clause of the Fourteenth Amendment, using the clause as a grant of power to rule on the fairness of the subject matter of legislation. Based upon the meaning that property was anything having exchangeable value, several claims were made for the protection of property and property rights. Thus, when an intangible thing, such as the goodwill of a company, had been given a value in property exchange, any damage to goodwill was interpreted as a violation of property rights. The claim was made that any interference between a business enterprise and its customers was damaging to property, however intangible the property or the damage involved might be. A strike, boycott, or malicious rumor that could be shown to have influenced the business-customer relationship adversely became illegal.

The substantive due-process concept thus developed lasted until the 1930's, when attitudes toward property rights and their regulation by government began to change. In general, this change was a shifting back toward the earlier view supporting legislative (and administrative) regulation. The declining importance of substantive due process is well illustrated by the Supreme Court's decision in the case of *Railroad Commission v. Rowan and Nichols Oil Company* in 1940.⁴ The Texas Railroad Commission had issued an order allocating oil quotas on the basis of the hourly production of each oil well and had set a minimum of twenty barrels to any well, regardless of capacity. With three judges dissenting, the Court pointed out that the determination of a fair basis for proration is an administrative rather than a judicial question and that courts "must not substitute their notions of expediency and fairness for those which have guided the agencies to whom the formulation and execution of policy have been entrusted."

³ *Chicago, Milwaukee, and St. Paul Railway Company v. Minnesota*, 134 U.S. 418 (1890).

⁴ 310 U.S. 573 (1940).

The present attitude of the Supreme Court, and one in harmony with public policy generally, is that substantive due process has no place as a limitation on social legislation—that is, on taxation, regulation, and similar legislation limiting the uses of property. At the same time, substantive due process remains important and is a growing concept in relation to personal rights, such as freedom of speech, religion, and assembly.⁵

Competitive Price System

A fourth foundation of the socioeconomic system of the United States is the competitive price system. Society is dependent upon each individual's making a choice that will result in his doing what is needed most by his group as a whole. The mechanism for determining what is needed most by society is the competitive price system. Through this system, the functions of the socioeconomic system are performed. Consideration of the manner in which the competitive price system operates is reserved for the following chapter.

SUMMARY

Every society establishes a socioeconomic system of some kind to meet the problems of the economic situation. Since available resources are not adequate to satisfy all the wants of all people, society must provide economic organizations and institutions to satisfy as many wants as possible.

In the economizing process, a socioeconomic system is designed to fulfill certain functions. These functions are to determine (1) what goods shall be produced; (2) how these goods shall be produced; (3) how these goods shall be distributed; (4) how consumption of goods shall be adjusted to production of goods; (5) at what rate capital goods shall be produced.

These five functions may be fulfilled by different kinds of socioeconomic systems. The principal kinds of such systems which have been used by different societies are the (1) caste system, (2) autocratic or despotic system, (3) barter system, (4) communistic system, and (5) free-enterprise system. The United States uses elements of all of these systems but relies most heavily upon the free-enterprise system.

The reasons why the United States uses the free-enterprise system

⁵ This aspect of substantive due process is treated in Chapter 8, Volume II.

are found in the traditions and mores of American society. The people of this country have been highly individualistic in their economic activities and have a tradition of "going it alone"—that is, they believe that government should not intervene unduly in economic affairs. Closely associated with individualism is the belief in the worth and efficiency of private enterprise, which is based upon democratic principles. No centralized planning agency or authority has been considered necessary to co-ordinate the economic activities of individuals. Individuals make economic decisions, and society invests them with this power through the institution of private property. Related to this institution are certain concepts regarding the meaning of property and its use. Social and economic developments have caused these concepts to undergo changes, and these changes have been recognized in the interpretation of laws relating to property. Finally, in order that the socioeconomic system may fulfill its functions in meeting the economic situation, a mechanism has been evolved in conformity with the traditions and developments of the society of our country. This mechanism is the competitive price system.

QUESTIONS

1. Explain fully the economic task by which every individual and society is confronted.
2. Explain the five functions of a socioeconomic system.
3. Why is it necessary for a socioeconomic system to provide for the *production of capital goods*?
4. Although the socioeconomic system of the United States is mainly that of free enterprise, give examples to show that we use elements of the other four kinds of socioeconomic systems.
5. How has the American belief in individualism served as a basis for the free-enterprise system?
6. Distinguish between the free-enterprise system and private enterprise as discussed in this chapter.
7. What is the relationship between the free-enterprise system and the institution of private property?
8. What is the fundamental basis for property rights in the United States?

DISCUSSION

1. It has been said that to solve the economic problem would be to solve all social problems. To what extent can you defend this statement?

2. Explain the statement "The consuming habits of people are socially derived wants."
3. Describe the aspects of the economic problem faced in common by the following groups: (1) a family living on a small farm in Iowa; (2) a crew of a merchant freighter marooned on an uninhabited South Pacific island; (3) a missionary family in the Philippines; (4) a board of directors of a small interurban transit corporation in New England.
4. The people of the United States have believed strongly in individualism and *laissez faire*. Nevertheless, government in our country has concerned itself from the first with aiding or regulating business. Give examples of this kind of governmental activity.
5. "A man's job is his property." Do you believe that this statement is true? Give reasons for your answer.
6. One of the States amended its constitution in such a way that it authorized all first-class cities within its boundaries to establish municipal slaughterhouses. It was further provided that privately owned slaughterhouses could not be operated in cities electing to establish public ones. The Swift Packing Company established a slaughterhouse in such a city and was charged with violation of city ordinances. The Company defended itself on the ground it was deprived of property without due process of law. How would you decide the case? Give reasons for your answer.

TERMS

Capital goods: Economic goods used for the production of other goods rather than for direct consumption.

Due process of law: The meaning of due process of law has two aspects: (a) Procedural due process—that course of legal proceedings which contains the elements of fair trial, such as the right to counsel, use of jury, and the right to confront witnesses.

(b) Substantive due process—the provision that the substance or content of the law must be fair and reasonable.

Economize: To satisfy individual and social wants by the apportionment of scarce resources among goods and services; to use to the best advantage.

Economy: The sum total of all that is involved in the management of the material wealth (both tangible and intangible) of a nation or community.

Laissez faire: The idea or doctrine that there should be no governmental aid to or regulation of economic activity.

Public utilities: Enterprises which are naturally monopolistic in organization and which provide goods and services of general necessity according to the culture of the community. Examples are city water supply, city transportation, and electric power and energy.

Scarcity of resources: The fact that the amount of land, labor, and capital goods is limited as compared with unlimited wants of people.

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12 THE PRICE MECHANISM

The preceding chapter presented the fundamental aspect of the economic problem—the satisfaction of wants by utilizing scarce resources. This problem involves an economizing process which is organized socially to get the most want satisfaction from available scarce resources. The five functions of a socioeconomic system and the various kinds of such systems were described. One of these was the free-enterprise system, which primarily characterizes the economy of the United States. The mechanism by which free enterprise operates is the competitive price system.

The present chapter explains the functioning of the price mechanism in a competitive economy. First, the theoretical or ideal functioning of the system is described. The reason for presenting the ideal is to establish a criterion by which to judge the actual working of the mechanism. Second, some modifications and restrictions are considered, to show how the mechanism works in reality.

CONDITIONS ESSENTIAL FOR A COMPETITIVE PRICE SYSTEM

The free-enterprise process of the socioeconomic system of the United States is characterized by competitive prices. The theory of an economy in which competitive prices function is that pure or perfect competition exists in economic transactions. In order for pure competition to exist and for a competitive price system to function ideally, certain conditions are essential.

A Large Number of Buyers and Sellers for Each Good or Service

One condition essential for pure competition is that a large number of buyers or consumers must be able and ready to buy freely any particular good or service. At the same time, there must be a

large number of sellers or producers to offer that good or service in the market. The market is a highly specialized institution, through which the economic decisions of individuals are co-ordinated. Buyers and sellers of both consumer goods and resources meet in the market. Every good or service offered by producers has a price, and every resource offered to producers has a price. Prices both affect and are affected by the buying and selling decisions of individuals. Therefore, in order for the competitive price system to function adequately and ideally, it should not be possible for a few buyers and sellers to control prices; rather a large number of buyers and sellers are necessary, so that through the market their decisions may be co-ordinated without restraints or limitations.

Identical Goods and Services

Any particular good or service offered by all sellers must be identical, or at least differences must be insignificant in the judgment of consumers. In other words, under this condition a buyer or consumer has the choice of buying on the market a good produced by either firm A, firm B, or firm C, because the good produced by each firm is virtually identical.

Sale of Small Quantities per Producer

The quantity of the good offered by any one seller must be small enough that no one seller can influence the price of the product. The remainder of the total output of the good being produced would be offered on the market by many other producers. Thus no one seller would have a large enough stock or influence on the market to affect the price in any manner.

This condition of pure competition is related closely to the preceding one—any particular good offered on the market by all producers must be identical. For example, a large number of farmers in Wisconsin may be producing cheese for the market. Suppose that the Schmidt dairy farm is packaging Cheddar cheese in 10-pound packages, that the cheese is graded "Fancy" according to government standard, and that the wholesale price for this cheese is 50 cents a pound. The commercial buyers in the market are able to identify the cheese by the weight (10 pounds), kind (Cheddar), and quality (Fancy). To them this cheese is the same as any other cheese so described. If Schmidt withholds most of his output from the market, he will not get a higher price for his cheese. If he sells all of his output, the market price will not drop. The reason why

Schmidt's portion of the supply of this particular cheese will not affect market price is that it makes up only a small proportion of the total supply. If 15,000 pounds of cheese are sold every day on the wholesale market, no one farmer is able to affect the price, whether he sells his daily output of 50 pounds, or a part of it, or none. The quantity offered in the market is virtually unchanged, and hence the market price is not changed by the decision of one producer alone.

No Restrictions on Sellers

A fourth condition essential for pure competition is that sellers must be free to produce and offer their goods and services without restrictions or hindrances. They must have freedom to enter or leave the market. This condition is basic to private enterprise. In the first place, individuals should have the right to enter any productive enterprise or occupation they wish. In the second place, having combined resources in a productive process in order to produce goods for sale in the market, each producer should be given the opportunity to compete freely with all other producers of the same good or service to attract buyers. Governmental restrictions or monopolistic business activities have no place in a purely competitive process.

Equality of Opportunity for Information

Finally, in pure competition, all buyers and sellers must have equal opportunity to obtain information about the supply of and the demand for a particular good. By means of this condition, buyers and sellers can make wise decisions and act in accordance with what is or is not advantageous to them.

Incidence of Competitive Conditions

After reading about the conditions essential for the functioning of a competitive price system, no doubt the student will say that these conditions do not prevail. His own observations and experiences cause him to realize that pure competition is an ideal and not a reality. For the most part, this conclusion is correct. Many modifications of the conditions described above do exist; they will be considered later in the chapter. On the other hand, a few of the productive enterprises in the United States are truly competitive. For example, except for a certain amount of governmental intervention, the production and selling of wheat is competitive. Between two and three million farmers grow wheat in the United

States. No one seller, even the largest wheat farmer, could influence the price significantly, even though he sold his entire crop on a given day. The many buyers of wheat recognize certain differences in test weight, protein content, and quality. These differences, however, are not associated with the wheat of one farmer as contrasted with the wheat of another farmer. In general, all farmers, as well as all buyers of wheat, have access to about the same information concerning supply of and demand for the good.

DETERMINATION OF PRICES UNDER COMPETITIVE CONDITIONS

Supply

Under conditions of competition, each seller offers his supply of a good in competition with all other sellers. Each seller makes a decision about the price per unit at which his supply will be offered for sale. This decision is influenced by the cost of producing the good, its perishability, and the seller's judgment of the buyers' need for the product at some later time. In any market, many sellers will sell given quantities of a product at given variations in price. A schedule of the respective quantities which each seller is ready to offer for sale at all possible prices is the supply of the good in the market at any given time. In other words, by the supply schedule

SUPPLY CURVE FOR BUTTER

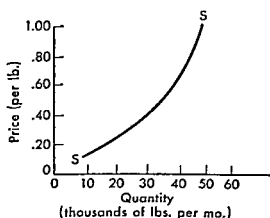


Figure 8. This diagram shows how much butter will be produced at every possible price

is meant the relation between prices and the quantities that people are willing to produce and sell.

Let us picture a supply schedule for butter. In Figure 8, the vertical axis represents price; the horizontal axis represents quantity or supply.

As the various quantities are offered for sale at various prices, the quantity offered at particular prices may be plotted and a line drawn through these points. This line is known as the *supply curve*. The supply curve

rises upward and to the right. Butter-makers are willing to produce and sell less butter at a lower price than at a higher price. As prices

rise, the supply of butter on the market tends to increase, because dairy farmers and butter manufacturers will put more resources into butter production. They can afford to bid higher for resources, since the price received for butter will enable them to increase production, even though total productive costs may rise.

Demand

Demand is the buyer's side of the market, just as supply is the seller's side. The quantities of a good that all buyers in a market will purchase at each possible price constitute the demand for the good. Everyone has observed that the higher the price charged for a good or article, the fewer the units that will be sold; and the lower the price, the more the units that will be sold. Thus, a definite relationship exists between the price of a good and the amount of that good demanded. A demand schedule shows this relationship between price and the quantity demanded.

PRICE OF BUTTER PER POUND	QUANTITY DEMANDED
(cents)	(thousands of lbs. per mo.)
80	5
70	10
60	20
50	25
40	30
30	35
20	40
10	50

Like the supply curve, a *demand curve* may be constructed. Because quantity and price are inversely related, the curve slopes downward from left to right. Hence, the demand curve runs in the opposite direction from the supply curve. When the price of butter is high, consumers will buy less. At lower prices, the consumer's dollar will go farther, and he will want to buy more. Each step in the lowering of prices will tend to bring in some new buyers.

In addition to price, many other factors influence the quantity which buyers will take at various prices. One of these factors is the utility of the good. The satisfaction, or the utility, derived from each unit of a good decreases as the number of units purchased increases. The decrease in satisfaction or utility tends to influence the quantity a buyer will purchase at different prices. As a buyer purchases additional units of a good, he weighs the value of each additional unit

against the value of some other good that he might purchase. In other words, he is weighing alternative values. The alternative

DEMAND CURVE FOR BUTTER

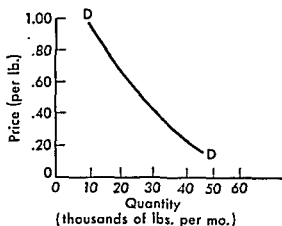


Figure 9. This diagram shows how much butter will be bought at every possible price

foregone (what he gives up) is the cost to him of buying the good that is purchased.

For example, a consumer ordinarily may buy two pounds of butter and contemplate buying a third pound instead of buying a dozen eggs. If the third pound of butter is purchased, the cost is the alternative or value foregone—a dozen eggs. In making the decision whether or not to buy an additional unit of a particular good (buying at the margin), the purchaser compares values. These values

are called *marginal values*. When a consumer chooses between alternatives, he adds to his want satisfaction, but in order to obtain that addition, he must give up something. Since he cannot buy everything, he can get more of one good only by foregoing something else. He can obtain more butter by buying fewer eggs. The eggs he foregoes represent a want satisfaction that he sacrifices for the satisfaction of want obtained by the increased purchase of butter. The consumer balances the marginal value of the goods he buys, or retains, against the marginal value of the goods he does not buy, or foregoes. His limited income will provide him the most want-satisfaction if the satisfaction of his wants in purchasing an additional item of any good at least equals the want satisfaction foregone to obtain it.

Another factor influencing the quantity of goods buyers will purchase (demand) is their appraisal of or concern about the future. In some periods of time, people save less and spend more freely, while at other times they reduce purchases in order to save more.

In addition to price, usefulness of the good, and concern about the future, decisions of buyers are also influenced by habit, personal preference, and social conditioning. A buyer purchases a particular good because of habitual consumption-behavior patterns—that is, he purchases a particular good because he has used it for a long time

and does not want to try a different good or a substitute. Or the buyer desires a particular kind of good because of preference for it—for example, a housewife prefers vegetable shortening to lard. Buying of goods may be influenced also by neighbors or relatives. Because the Smiths have a certain article, such as a television set, the Joneses must also buy one. Insofar as each individual is concerned, other influences may affect his decisions in the purchase of goods to satisfy his wants.

Balancing of Supply and Demand

The competitive market price may be determined by combining the supply and demand schedules. In the case of butter, all possible prices have been considered. The question is, "At what level will price rest?" Neither the supply schedule or curve nor the demand schedule or curve alone can answer the question. Both of them, however, can do so. If the supply and demand curves are superimposed on the same diagram, they intersect at one point. This point represents the balancing of price and quantity.

In Figure 10, the price of butter is determined to be 40 cents per pound, and the quantity offered and purchased on the market is 30,000 pounds per month. In other words, the price of a good at any given time is established at the point where the quantity offered for sale at a given price is equal to the quantity that buyers are willing to take at that price. If more butter is offered for sale than buyers are willing to purchase, the price will decline until the quantity offered for sale is equal to the quantity buyers are willing to purchase at the new price.

Price is the device through which choices are expressed and through which adjustments and changes in supply and demand occur. This constantly changing, freely fluctuating price is the adjusting or governing mechanism in a competitive economy.

BALANCING OF SUPPLY AND DEMAND

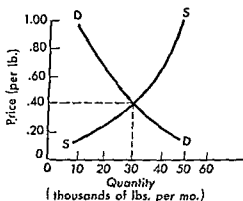


Figure 10. Price is at the intersection of the two curves. This price is such that the amounts supplied and demanded are equal or balanced

MAJOR FUNCTIONS OF THE PRICE MECHANISM

The functions performed by the competitive price system parallel the functions of the socioeconomic system.

Indication of Wants

Individuals indicate their wants by buying goods in the market. In spending his money, a consumer expresses his preferences for kinds of goods and services. In effect, he votes with his dollars, a purchase representing a vote for a particular good or combination of goods. Since the prices of goods rise and fall as consumers buy more of one good and less of another, prices publicize consumers' wants and demands for goods and services.

In casting his dollar ballot, the problem of the consumer is to determine how much of each good he should buy. He is, therefore, concerned with marginal purchases, and his choice requires comparison or balancing of marginal values. The consumer attempts to distribute his income in order to obtain the greatest want satisfaction. He will spend his income, therefore, so that at the margins of all his purchases the value retained at least equals the value foregone. The consumer will constantly adjust his dollar-voting in response to price changes. He will do so because changes in price cause changes in the values of the alternatives chosen and the alternatives foregone. This situation merely means that when, for example, the price of butter rises, consumers will not buy as much butter as before, and when the price drops, they will buy more. Thus, a competitive price system not only allows consumers to vote for goods and services but also provides the means of measuring and comparing values in the satisfaction of wants.

Direction of Resources to Productive Processes

Price also directs resources to production units that produce consumers' goods. As consumers buy more of a particular good (vote with their dollars), producers of that good will offer a higher price for resources used in producing the good. The owners of resources will be willing to sell to those producers when they offer a higher price than do the producers of other goods. When consumers reduce their purchases of a particular good, the producers of that good tend to reduce their buying of resources which go into the production of the good. The price of resources, therefore, will

drop and will be less attractive to the owners of resources than the price offered by producers of other goods. Ultimately, therefore, resources are channeled by the action of consumers.

Distribution of Income

As goods and services are produced under a price system, an automatic process of distributing income is provided. The owners of resources, who are also consumers, receive income when they sell their resources to producers. The size of their income depends, of course, upon the quantity of their resources used and the price received. And as has been indicated above, the amount of resources used depends upon consumer indication of wants. When consumers want more butter, the producers of butter will bid up the price of resources, and the owners of the resources who sell to the producers will receive more income. The owners of resources, being also consumers, will then be able to create a greater demand for various goods on the market, because they have more dollar votes—their income has increased. If consumers want less butter, the income of owners of resources which produce butter will have less income and, therefore, will reduce their demand for goods on the market. In other words, through the means of individual income, the competitive price system distributes the goods and services produced.

Adjustment of Consumption to Production

The supply of goods is not always sufficient to satisfy the wants of everybody. In other words, supply is not always equal to demand. Goods, therefore, must be rationed or apportioned among consumers in some fashion. In a free-enterprise system, the rationing is accomplished primarily by the competitive price system. A buyer who wants a good more than another buyer, or one who has greater income (more dollar votes) expresses his desire or demand by bidding a higher price. Similarly, a buyer who prefers one good to others expresses his preference by being willing to pay a higher price for the good of his choice. As the increased demand causes price to rise, some consumers will be forced out of the market. The higher price will encourage producers to buy more resources to produce more of the particular good. The increased supply will tend to cause price to fall and will bring more buyers into the market. Until supply is equal to or balances demand, price serves as the rationing factor in adjusting consumption to production.

Expansion of the Productive Process

The functions of a price system considered so far have been based upon the assumption that the quantity of total resources used to satisfy consumers' wants is stable and fixed. If the productive process is to expand and grow, an increase in the volume or quantity of resources is necessary. In other words, if the total amount of goods and services is to be enlarged, production must be expanded. More factories, tools, and machines must be constructed, and the supplies of raw materials must be increased.

In order to expand production, people have to refrain from using resources directly for consumption—in other words, they must save. *A method must be devised for setting aside some resources to be used for future production rather than for the production of goods and services for immediate consumption.* Normally, consumers do not spend all their income on goods and services to be consumed immediately. They save a certain amount of their income. Saving, in turn, reduces the demand for the use of resources in production of goods for consumption and frees some resources to be used for further production.

A function of the competitive price system is to provide for *transference of those freed resources to productive processes*, so that factories and machines may be built to produce more goods to satisfy more wants. This function is fulfilled by inducing individuals to place their savings in the hands of managers of productive processes for investment in factories, machines, tools, and equipment—capital or producers' goods. The inducement is in the form of a special price—the rate of interest.

Interest does two things. First, it increases the income of the savers, who are consumers. With increased income, they can buy more goods to satisfy their wants. Second, interest allocates scarce savings to the uses of resources desired by consumers. When consumers indicate their wants for particular goods, producers will attempt to increase production of those goods. In order to increase production, additional plants and machines may be necessary. To invest in more capital goods, the producer or investor will attract savings by increasing the special price—the rate of interest. The higher rate of interest will induce savers to transfer their savings to those producers from producers of other goods whose rate of interest is not so attractive.

Thus the rate of interest is similar to other prices. Just as prices,

by indicating consumer wants, direct resources to productive processes, so the rate of interest allocates savings to producers who invest them in productive processes. Just as prices ration the available supply of a good to those consumers who bid highest for them, so the rate of interest rations scarce savings to the uses desired by the consumers. Hence the price system provides for expansion of the productive processes by encouraging saving and investment.

Summary of a Competitive Price System

The competitive price system is often referred to as an automatic system, since natural forces, rather than conscious planning, direct the operation of its mechanism. In the above explanation of the functions of the system, the automatic features may readily be seen. Price is the determiner. Price serves as an indicator of the wants or desires of the consumer. If consumer demand for a good increases, price will rise if the supply cannot meet the demand at the given price. Price will then serve as a messenger to carry the information to the producer that consumers want more of a particular good. The producer will want more resources to increase production and will bid up the price of these resources. Again, price will carry this information to the owners of resources, who will in turn be attracted by the higher price to sell their resources to the producer. In this way, the consumer, in effect, directs resources to productive processes. Price also determines income, because the amounts that owners of resources receive constitute their income, and income is the means by which goods are distributed to consumers. Furthermore, when the supply of goods is not sufficient to satisfy demand, price will rise and force some buyers out of the market. Therefore, *price adjusts consumption to production. Finally, a special price—the rate of interest—encourages individuals to transfer their savings to investors, enabling the latter to obtain capital goods for expanding the productive processes.*

Some of the features of a competitive price system may be diagrammed (Figure 11) to illustrate how the automatic mechanism operates.

The two outer circles illustrate the function of price as a messenger to indicate consumers' wants and the response of producers to this indication. This process has been explained above. The third or innermost circle represents the function of money in the circular flow. Price, of course, is expressed in money—dollars and cents. Money takes on four different meanings in the course of its circular

flow. Beginning with the payment by managers of business organizations for the use of productive resources, money constitutes (1) cost of production for producers. To individuals, as owners of resources, it becomes (2) income. When individuals as consumers pay

THE COMPETITIVE PRICE SYSTEM

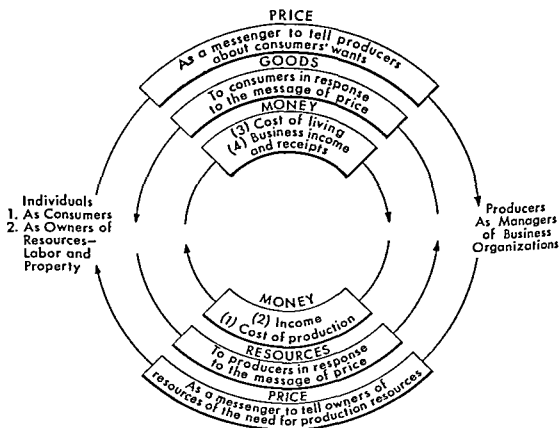


Figure 11. The circular flow of consumers' goods, producers' goods, and money. Indicates the function of price

out this money (income) for consumers' goods, it constitutes (3) cost of living. The money received by the producers from individuals becomes (4) business income or receipts. This whole procedure is circular, because individuals are both consumers and owners of resources.

MODIFICATIONS OF THE COMPETITIVE PRICE SYSTEM

In the above analysis of the competitive price mechanism, conscious effort was made to exaggerate the conditions of pure competi-

tion and the way in which the price mechanism fulfills the functions of the socioeconomic system of the United States. Exaggeration is an old literary and teaching device which is sometimes used for the sake of clarity and emphasis. The purpose of using this device is to center attention upon or stress something that might otherwise be overlooked among related details.

The explanation of the price mechanism must now be tempered, because in reality the competitive price system does not function as ideally as has been described. The socioeconomic system *tends* to conform to the basic features described. But deviations from and modifications of the ideal are numerous, and they constitute the way in which the price mechanism functions in reality. Nevertheless, knowledge of the basic features is necessary to understand the modifications, and the basic features still serve as the fundamental means by which price fulfills its functions in the socioeconomic system.

The modifications of the competitive price system are so numerous and so complex in nature that we can here consider only the most apparent. A common method of saying that the competitive price system does not function ideally is to say that prices are *administered* rather than competitive. In general, administered prices are those which are influenced by certain factors which do not allow the competitive price system to function freely and without restraint. In the following material, the influences exerted by producers and consumers and by the government to modify the ideal functioning of the price mechanism are explained.

Modifications by Action of Producers and Consumers

Many economic activities are not a part of the free-enterprise system and are not influenced by the price mechanism. The handicraft method of production is still used by some farmers and professional men. The family also carries on some want-satisfying activities, such as cooking, sewing, and chores of one type or another, in connection with which no money transactions take place. Furthermore, society, through government, provides economic goods on a basis other than price. Government engages in this sort of activity because the price mechanism does not provide for the expression of some wants that are collective in nature and not individual. Recreational facilities, postal services, parks, education, military protection, and fire and police protection exemplify wants which usually are not expressed in the market. Because such wants cannot be

expressed through the price mechanism, people turn to other social organizations to satisfy them.

Finally, competition does not automatically control the prices of some goods and services which are influenced by custom, habit, and convenience. For example, the price of a cup of coffee or a package of gum is slow to change. Rigid or fixed prices tend to modify or restrict the free operation of the price system.

IMPERFECT INFORMATION As stated previously in this chapter, one of the conditions essential for pure competition and for a competitive price system is that adequate information about goods and services offered on the market be available. The primary purpose of this information is to enable people to discriminate among goods and services. It is a well-known fact, however, that no one is sufficiently well informed to make all choices that will provide the greatest want-satisfaction from the thousands of goods available on the market. The same situation prevails with respect to the owners of resources when they sell to productive enterprises. These owners can hope to make only a reasonably good guess as to the best productive business enterprise with which to deal. Furthermore, unless a consumer has the income to pay the existing price, he cannot discriminate, even though he might like to. He may know of a better good than the one available, but he may not be able to obtain the better one because of lack of money, or because of immediate need.

ADVERTISING The ability of the consumer to discriminate among goods and services is greatly weakened by advertising. In advertising, the seller hopes to influence the consumer to believe that his good is the only adequate satisfier of want. The seller thereby exerts a secondary influence on the wants of consumers. Consequently, consumers may be unable to discriminate intelligently or choose freely among alternatives. In addition, by the use of advertising, sellers work not to allow competitive prices to seek their natural levels but rather to maintain certain prices. That maintenance of prices has been a paramount goal to sellers is evidenced by the fact that advertising has become an integral part of the competitive economic system. The tobacco companies of the United States spend about 11 per cent of their gross income on advertising.

IMMOBILITY The competitive price system assumes that producers will immediately respond through the price mechanism to the indication of consumers' wants. According to this assumption, plants will be expanded, new equipment purchased, additional labor hired, and the entire productive process geared to producing more goods when consumer demand is indicated by price. Actually, however, free mobility of producers' goods does not occur. Labor is not completely mobile and does not respond immediately to the indications of the price mechanism. Expansion of plants is a process that is not subject to the whims and fancies of consumers' wants. Therefore, in practice, the competitive price mechanism does not function so smoothly in adjusting production to consumer demand as the theory indicates.

MONOPOLY Monopoly is a form of restriction on the normal functioning of the competitive price mechanism. Monopoly, which implies control of or influence over the supply of a given good or service, may arise when one producer is given the exclusive privilege or right of production, such as that provided by a patent or copyright. A monopoly is granted when a city gives a street railway company an exclusive franchise to operate streetcars or buses on the city streets. A famous artist has a monopoly of paintings bearing his signature.

A business monopoly occurs when a producer is in a position to prevent other producers from competing in the production of a particular good. The main aim of a producer is to gain profits, and if a producer can control the quantity offered for sale, he has the power to adjust price. Because the aim of a producer is to enjoy profits over a long period of time, the tendency is for producers to gain control of the market by blocking entry of other producers, buying up other firms, or preventing competitors from using techniques of production resulting from patented devices. When productive units become large, the producer has a chance to manipulate price.

A monopolist chooses between selling fewer units at a high price and selling more units at a lower price. The monopolist, however, can adjust the price and quantity sold so as to bring the largest net income or profit. Under these circumstances, the price will tend to be higher and the quantity sold will tend to be smaller than under conditions of perfect competition. The profits will be larger, too, than those necessary to attract producers to the production of the

good under a competitive price system. Instances, however, may occur where a single producer can produce a good or render a service cheaper than if many producers were operating. Examples are a street railway, telephone system, and postal system.

Actually, relatively few perfect or complete monopolies exist. The application of motive power to productive processes and the development of assembly-line methods of production, however, have resulted in a tendency for firms to become larger. In many types of manufacturing, such as the automobile industry, the agricultural machinery industry, and the steel industry, relatively few firms have developed. Under such circumstances, the actions or policies of one producer may influence materially the total supply and therefore the price. Such a condition is a substantial modification of the ideal of a competitive price system, in which no one firm is large enough to influence price. Large manufacturers may produce more efficiently and at lower cost than many small manufacturers, but price changes in such industries indicate that prices do not adjust freely and quickly.

PRESSURE GROUPS Various groups in the economy of the nation have engaged at times in activities for the purpose of influencing prices.¹ During the depression of the 1930's, for example, farmers brought pressure on the government to establish programs for restricting production and supervising marketing agreements and conditions of delivery of basic farm crops. The objective of these programs was to improve prices of farm products. Later, loans were provided in order to support farm prices. Programs such as these protect the well-being of a single group in the society but limit or restrict the normal functioning of the competitive price mechanism.

Groups of laborers also have developed programs and policies which have restricted the normal functioning of the competitive price mechanism. During the depression of the 1930's, laborers in some trades were unemployed, though hourly wage rates remained near previous levels. In some instances, limitations are placed on entry into organized labor unions, and union membership may be a prerequisite of employment. Limitations of a similar character occur in some professions requiring a long period of technical training and an examination before a license to practice is granted.

¹ See also Chapters 22, 24, and 25.

Modifications by Action of Government

Various levels of government carry on many activities which restrict or modify the normal functioning of the competitive price system. For many decades, the government has regulated freight rates and charges for practically all forms of transportation. Not only are rates prescribed; regulations have been made governing the introduction of new services and discontinuance of established services. Regulations of this type are common in many public services, such as warehousing and inspection and operation of stockyards. In cities, rates for electricity, gas, water, and street railway service are regulated by franchises granting exclusive privilege of serving the public at specified rates. In general, prices regulated in the public interest are relatively rigid and fixed. They change only at infrequent intervals, often some time after the general price level has changed.

In a totalitarian or controlled economy, the competitive price mechanism is not permitted to function. It no longer is the mechanism by which individuals express their choices. The central authority of the state determines what and how much shall be produced, and by whom it shall be produced. Likewise, the central authority, by rationing, allocates scarce goods among consumers. Although the people of the United States do not support governmental control of the economy in normal times, they do reluctantly accept such control in times of emergency. During World War II, the Office of Price Administration was given authority to set prices, direct resources to productive processes, and adjust consumption to production. For the period of acute scarcity during the war, rationing by central authority had the advantage of allocating essential goods, such as food and clothing, according to need as determined by the central authority rather than according to the buyer's ability to pay. For a normal, peacetime situation, when the supply of goods is adequate to meet essential needs, most consumers in the United States apparently prefer that the functions of the socioeconomic system be fulfilled by a modified competitive price mechanism rather than by a central authority.

SUMMARY

The competitive price system is the directing or governing force in a free-enterprise socioeconomic system. It operates on the assumption that pure or complete competition exists in the economy.

In order for the price system to function ideally, certain conditions are essential. In proportion as these conditions prevail in the economy, price is determined by the supply and demand of any particular good. The functions fulfilled through a price mechanism are similar to those of a socioeconomic system. The price mechanism fulfills the following functions in a free-enterprise socioeconomic system: (1) indication of wants; (2) direction of resources to productive processes; (3) distribution of income; (4) adjustment of consumption to production; (5) expansion of the productive process.

The above functions are fulfilled in proportion as the conditions of pure competition prevail in the economy. In reality, pure competition never does exist, and therefore many modifications of the operation of the price mechanism occur. These modifications result from the actions of producers and consumers and from the policies of government.

In the following statements, the assumption of the ideal competitive price mechanism is placed first and the modification of that particular assumption follows:

(1) *The consumer is placed in the dominant role: He furnishes demand, but demand alone does not determine price. Supply also determines price; therefore, both consumers and producers influence price.*

(2) *Economic democracy exists, since the demand of consumers determines price: The dollar may be considered a vote, and it is the dollar, not the consumer, that "casts" the vote. Not all consumers have the same number of votes.*

(3) *Adequate information is available to all consumers and owners of resources: Information is limited, and therefore, completely intelligent discrimination in choices is not possible.*

(4) *Producers will shift production immediately according to indication of consumer wants: Productive processes are relatively immobile, and a time lag exists. Desires of consumers may change by the time the good is placed on the market.*

(5) *Competition among producers will make it impossible for any one producer to influence price: Pure competition among producers does not exist; rather the trend is toward monopoly, particularly as business enterprises become large.*

(6) *All consumer wants may be indicated in the market: Collective wants cannot be indicated in the market, and therefore, consumers will turn to other social agencies than the price mechanism for the satisfaction of collective wants.*

(7) The price mechanism alone fulfills the functions of the socio-economic system: Customs, habits, and personal preference influence the buying and selling of goods and services. Governmental policies and laws also may influence or determine prices.

QUESTIONS

1. What are the conditions necessary for pure competition in an economy?
2. Precisely what is meant when it is said that supply and demand determine the price of a good?
3. Do custom and habit have any part in determining the price of a good? Explain.
4. Explain the meaning of marginal value. Give examples from your experience of buying at the margin.
5. Explain how a price system makes it possible to provide for expansion of the productive process by individual decision rather than by the use of authoritarian methods.
6. How does price tend to ration scarce goods?
7. Give examples of how the actions of producers and consumers modify the competitive price system.
8. Make a list of instances where government modifies the working of the competitive price mechanism.

DISCUSSION

1. "The consumers are the 'dictators' in a competitive price system." Do you agree or disagree with this statement? Give reasons for your point of view.
2. "Dollars perform the same function in determining policies for the production of goods as votes perform in determining political policies." Explain this statement. Under present-day income distribution, does democracy exist in the economic system of the United States? Give reasons for your answer.
3. "While equality of income would tend to improve the functioning of the competitive price system, the economic advantages of such equality would be completely outweighed by social disadvantages." State your reasons for agreement or disagreement with this proposition.
4. Formerly, both liver and bones were given away for fish bait and dog food. In recent years, the discovery was made that liver as a human food had great value in building red corpuscles. What effect did this discovery have on the relative prices of liver and bones? How did this come about?

5. In going to the grocery market to shop for bread, butter, and eggs, Mrs. Jones is undecided about the quantity of each item that she will buy because she does not know the exact price of each. Upon reaching the market, she finds the following prices: bread, 20¢ per loaf; butter, 80¢ per pound; and eggs, 60¢ per dozen. After considering prices and her want for each item, she makes the following purchases: 3 loaves of bread; 2 pounds of butter; and 2 dozen eggs.
- (a) Why did she not buy 2 loaves of bread, 3 pounds of butter, and 1 dozen eggs?
 - (b) What was the cost of each item to Mrs. Jones? (Do not use money terms.)
 - (c) When she was making her purchases, Mrs. Jones was buying each item on what comparative basis of value?
6. "An inevitable result of competition is monopoly." Do you agree or disagree? Give reasons for your answer.

TERMS

Franchise: A privilege of a public nature conferred on an individual or group of individuals by a government grant, such as a franchise for a street railway.

Office of Price Administration: A governmental agency established during World War II to control prices and supervise rationing of most consumers' goods.

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13 SOCIAL CONTROL

Throughout much of our discussion thus far, we have noted the tendency for individuals to form groups. Each group fills its particular place in society, providing means by which the individual, through associating with other individuals, realizes certain values he could not attain alone. Any one person may and usually does belong to more than one group.

Some of the groups are of such a nature that they exist for long periods of time and come to be permanent social institutions. Others exist for only a short time. The time span of a group relationship may be determined by a number of conditions. In general, however, it is determined by the interest of the members in maintaining the group and by the value that comes from the relationship.

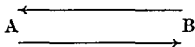
Groups, of course, vary as to the goals or values which the members wish to promote; as to the methods used to attain the selected values; and as to organizational features. All societies and all groups within a society, however, have one function or process in common—social control.

SOCIAL CONTROL

Social control is the process by which the individual is caused to believe or to act in a way that is acceptable to the group. Certain conditions are necessary for the development of social control. First, the group must have a goal or goals. These goals not only provide a reason for the existence of the group but also promote group solidarity. Second, the members of the group must be willing to accept an unequal power relationship between the leader or leaders and themselves. Within each group, leadership is necessary to organize and direct group activities. The members, in turn, carry

out the group activities necessary to accomplish the goals or to protect the values of the group. Therefore, a command-obedience relationship exists between the leader and the members. Third, the individual member of the group must accept some limitation on his freedom. What the individual might wish to do is denied if the group decrees that his action would interfere with the goals of the group. Fourth, a means of communication within the group is necessary in order to diffuse group will among the members.

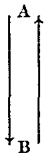
The relationships among persons in a group may be regarded as of two kinds—horizontal and vertical. Horizontal relationships are those of free exchange, mutual aid, ordinary communication, and the like. No element of command and no limitation of personal freedom are evident in horizontal relationships. For example, A meets B, they speak, and one asks a favor of the other which may be accepted or rejected as between persons of equal status. Even if temporary subordination appears, it is in no way a marked characteristic of the relationship. Neither person controls nor attempts to control the other. Such an arrangement may not be limited to two persons



but may be extended to many. The bases for such interrelationships are freedom, voluntarism, co-operation, and individualism.

In vertical relationships, the person in a position of dominance communicates with those who are expected to obey. As far as this arrangement is concerned, the persons involved are not equal. The obeyer may be the superior in many ways, but in this particular relationship he is the inferior. The expectation in this situation is

that B will accept the will of A and act in accordance with that will, whether or not it is in agreement with his own. A is in the position of leader, and a command-obedience relationship exists. This relationship, too, is not limited to two persons; it may be extended to many. There may be, however, only one leader. Then the arrangement is that of one leader and many followers, and in all probability the freedom of some persons will be limited. The bases for this relationship are subordination, leadership, responsibility, and group solidarity. Vertical relationships are



characteristic of social control.

TYPES OF SOCIAL CONTROL

Primary Group Controls

One of the ways the behavior of individuals is brought into conformity is through controls within *primary groups*. These are groups, like the family, neighborhood, or school, whose members have frequent and personal relationships in varied activities. In such groups, there is usually a tightly knit form of control growing out of habit, imitation, and desire for approval in situations where contacts are frequent. Primary group control is informal and indirect. That is to say, the standards or codes of behavior are not made into laws, and punishment for failure to observe them is not a matter of legal action but rather of group disfavor. The standards, though informal, are clearly recognized, as is indicated by the fact that persons who best live up to them become leaders of the group and have authority in it.

In primary-group relationships, the status of the individual in the group is important. Since group opinion is a principal determinant of status, a member of a primary group is likely to be conscious of this opinion. The accepted code of behavior is respected and enforced by such methods as ridicule, ostracism, sarcasm, and adverse criticism. Actually, any means of enforcement which threatens the status of a person in his group is likely to be effective. Individual reactions vary, of course, but it is generally true that the desire for acceptance and status and the fear of unfavorable opinion are strong influences upholding the standards of the group. In a farming community, for example, the code of behavior may include working hard from dawn to dark, being very thrifty, avoiding "fads and frills," and exchanging work with neighbors. Regardless of what an outsider might think of these standards for a good life, they are measures of "good" to the members of this particular group, who therefore will endeavor to rate high in some or all of the standards in order to maintain status in the community.

The continued existence of the standards of a primary group depends upon their acceptance by influential members of the group. If new situations or new techniques for dealing with existing situations come into existence, the standards tend to be replaced. Though leaders in a primary group are likely to be the persons who devote themselves to maintaining established standards, sometimes, particularly when standards seem to lag behind group needs or im-

proved ways of accomplishing the goals of the group, leadership may go to those who advocate change.

Secondary Group Controls

There are for each person many group relationships and associations other than those of small and intimate groups in which the members meet frequently and have a broad range of mutual interests. Actually, as a rule a person belongs somewhat casually to many groups, each of which has some relation to a rather narrow part of his total personality. None of them is vital and all-absorbing to him. The impersonal and segmented relationships of these *secondary groups* are not amenable to the same control devices that appear in primary groups.

There is a tendency in this kind of relationship to turn to formal controls. For example, in the business office, in traffic, and in the lodge committee, rules are established, and officials are chosen to administer and enforce these rules. Thus, unequal power relationships tend to be more pronounced in secondary groups. These formal arrangements are a substitute for the informal pressures of the primary group.

To some extent in modern society, secondary groups are replacing primary groups. As society is increasingly urbanized, more diverse and specialized groups develop. Whereas in the past the group assimilated members, now the individual "assimilates" groups—that is, he not only becomes a member of many groups that exist for special purposes but also often adapts them to his own purposes.

Landis points out in this connection that "The modern world gives an increasingly important place to secondary groups, so their part in the system of social control is naturally of great moment. It is generally agreed that primary controls, while still very effective, are less adequate in modern society than in primitive society, and in the urban society of today than in the rural society of yesterday. Control is one of the major problems that our modern generation must solve, it being comparable . . . to the problem of subsistence in primitive societies."¹

FEATURES OF SOCIAL CONTROL

Conformity

As a feature of social control, conformity—that is, the acceptance of the ways of the group—is secured in at least four ways: (1) by

¹ Paul H. Landis, *Social Control* (Philadelphia: J. B. Lippincott Co., 1939), p. 183.

habit, (2) by rewards, (3) by penalties, and (4) by altruism or idealism.

HABIT Early in life persons realize that they are members of groups. As such, they come in contact with and tend to acquire by habit certain values, obligations, and accepted ways of doing things. This educative process of the individual may be termed *socialization* or *indoctrination*. By this process, a person becomes aware that he lives not in isolation but as a member of groups. The learning step next beyond the recognition of self² is the recognition of close and frequent association with others. Throughout childhood, groups—for example, the family, the neighborhood, the playmate group, and the school classmate group—increasingly mold the personality and behavior of the child. As adulthood is reached, other associations develop into group relationships, which also influence the personality and behavior of the individual. By habit, the practices of the groups with which a person is associated become the standards which are followed if he is to be an accepted member of the group. Individuals may differ to some extent in their acceptance of some of the practices, but in general there is an over-all similarity in the ways of behavior of the members of the group.

Of course, no one group to which an individual belongs touches on or exercises control over all phases of his personality. Primary groups, in which contacts are frequent and direct, do so more completely than other groups. The influence of secondary groups, in which a member's interest is often casual, varies from time to time according to the circumstances involved in any particular situation. Furthermore, the relative importance of a group, either primary or secondary, changes from time to time. No doubt the process of evaluation of groups to which he belongs goes on almost continuously, even though most of the time unconsciously, within each individual. Roughly speaking, the amount of control which any group can exercise over an individual is in proportion to the value the individual places on his association with the group.

REWARDS Conformity to accepted group practices may be brought about by rewards. In childhood, the reward may be something immediate and tangible, which is received as a prize for being "good." The prize is important to the child, and he learns that conformity gets results. This process goes on throughout much of life.

² See Chapter 2, "Characteristics of Man."

Fulfilling the expectations of the group to which one belongs is rewarding. The reward in adult life may be less tangible—for example, security, status, prestige, economic betterment, individual satisfaction, or a “good” feeling at having done the “right” thing. It is nonetheless important in bringing about conformity to the group ways. Thus, reward is a phase of social control.

In more complex, indirect group relationships, the conformity-reward procedure is less reliable than in simple, more direct relationships. In some complex relationships, a person may not understand what is expected, or the group may expect the impossible of him. Such situations are sometimes the result of a change from environments or occupations in which relationships have been simple and direct to those in which the relationships are impersonal and overorganized—for example, immigrating from a rural European area to an American city, moving from a small rural school to a city school system (as either student or teacher), or changing from an occupation such as a farm tenant or small-town dress-maker to a job as a factory laborer.

PENALTIES On the other hand, a person may conform because a penalty will be imposed if he does not accept the established group ways. If the group is a formal one, such as the state, the penalty may be in the form of fines or imprisonment. With informal groups it may be loss of status and prestige, denial of privileges, or loss of membership in the group. Regardless of the type of group, the individual may choose to conform rather than to be considered “bad” and be treated accordingly.

ALTRUISM OR IDEALISM A person may conform to certain group ways not entirely because of a reward or penalty but because of altruism or idealism—that is, he may realize that these group ways have value to the group as a whole, even though they may have little value to him as an individual and may, indeed, actually limit his freedom. The realization of the importance of group association in his life influences such a person to conform. For example, a doctor, lawyer, or teacher may conform to the codes of his profession because of altruism or idealism, or a man or woman may voluntarily join the armed forces in time of war in the belief that the aims of the war are of benefit to society.

Nonconformity

Conformity is nowhere absolute. That is, in no society do all people conform to all the generally accepted group ways. Thus social control is accompanied by greater or lesser degrees of nonconformity. If all people conformed to accepted group ways, there would be an almost changeless society. Actually, nonconformity is one, though by no means the only, factor in bringing about changes in society.

One type of nonconformity may develop as a result of habits acquired in childhood. For instance, getting one's way by objecting, crying, resisting, quarreling, or fighting with the group may cause a child to believe that this is the quickest and easiest way to obtain a desired result. As an adult the individual may continue with this type of behavior, though, of course, with modifications, and may therefore be marked as a person who habitually opposes the group ways of behavior.

Another important type of nonconformity springs from the fact that some persons in a group hold values that conflict with values generally supported by the group. Such, for example, are sincere "conscientious objectors" in any war. When action results from an individual's holding values that conflict with group-accepted values, nonconformity results. The refusal of a sincere "conscientious objector" to put on a military uniform is an example of such nonconformity. Another example of this type of nonconformity is the criminal, who refuses to accept the legally defined values of society.³

Similar to such reaction by an individual is that of several members who collectively question the values of a group because they believe those values to be purely honorific, overrated, or obsolete. The members form a subgroup within the larger group and either may attempt to make changes in the values or may withdraw from the group and form a new group based upon the values in which they believe. For example, in a church congregation a subgroup may form because of differences about religious principles and eventually may break away from the church and establish a new one; or a subgroup within a political party may differ with the main group about party issues or candidates and nominate its own candidates and conduct its own campaign. If enough other people believe in the values promoted by the new group to join or support it, it becomes an established group in society. The American traditions of

³ See Chapter 10, "Maladjustment within the Group."

freedom, independence, and equality have tended to encourage this type of nonconformity, which has brought about many new patterns of social living and many groups in American society.

POWER STRUCTURES

The command-obedience relationship among persons in a group tends to develop into a power structure within the society or within groups in the society. A power structure, as a form of social control, is the organization developed on the basis of command and obedience for the purpose of co-ordinating the efforts of the group to reach the objectives or values desired. The type of social control in a power structure is formal and mechanistic in nature: the simple vertical relationship of one master and one slave has little resemblance to the complex vertical relationships of modern society. The current situation involves order and control of mass armies, mass educational institutions, large cities, big government, and giant corporations. More and more the problem of social control is geared to huge size.

Leadership

The power structure in society is pyramidal in form. At the apex is an individual on whom authority is conferred. The responsibility for defending the values of the group or society rest heavily upon this leader, who is expected to guide and direct progress and to change policies in such a way that the group's objectives may be realized. Thus the leader may be regarded as an agent of social control, since his power is used to protect the values of the group.

The position of the leader varies greatly in different groups. The method of selection of the leader is one factor of considerable influence in the relationships between leader and group. Often a system of election is used. Those electing may be a small elite group, or they may be almost all of the adults in the group. If elections recur at intervals, a bond of responsibility tends to develop between the leader and those who elect him. If in the electors' opinion the leader is not protecting and promoting the values of the group, a change of leaders in all likelihood will occur.

In addition to popular election, a leader may attain his position by seniority in the group, by inheritance, or by the use of force or violence. When leadership is attained by these methods, the mutual responsibility between the leader and the members of the group

tends to be less definite than when attained by popular election. There is also more likelihood that the leader will exercise more power and control over the members, since his leadership will not be subject to periodic check by the members.

Intermediate Control

In any medium or large-scale organization, power is put into action by subordinate officials. The leader of a national state, for example, has other governmental officials to help carry out his duties. The president of a large business corporation depends upon production managers, efficiency experts, foremen, and others to handle certain aspects of control. In a large university, the president depends upon such assistants as deans and department chairmen for certain phases of university control. These subordinate officials are, so to speak, the eyes, ears, and hands of the central authority. They perform the many duties and activities the leader would if he himself could. Terminology becomes somewhat difficult in describing these officials. *Bureaucracy* is perhaps as accurate as any broad term to designate this organized authority, even though the word of late has taken on a bad odor.

Membership

The individuals of the organization who constitute the "rank and file" of membership are in a position of subordination in the power arrangement of the group. Although this position may seem to imply inferiority, such is not necessarily the case, especially in a democratic society, and that for several reasons. In the first place, the power distribution of necessity places formal control in the hands of only a few of the group. The simple mathematical ratio indicates that it is impossible for most people to acquire large-group

THEORETICAL POWER STRUCTURE

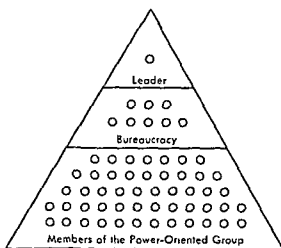


Figure 12

leadership. Therefore, it is important that the means of selecting leaders will assure that the persons chosen for leadership will be the ones who, in the opinion of the group or a majority of it, are the best qualified or most deserving. Membership in a democratic group noticeably lacks the "inferiority" connotations of subordinate position typical of an undemocratic hierarchy.

In the second place, the structure of a group is formed for the purpose of achieving goals or values. In a democracy, these are achievements of, by, and for the members of the group. In the third place, if democratic processes are used in the group, the basic power is held by the members. Those persons in positions of leadership are subordinated directly to the popular will. Members of the group, therefore, are not truly in an inferior position, because they hold in their possession a force, the ballot, by which they control the leaders.

In some instances, of course, the power of the leader may be such that the members of the group are placed in a truly inferior position. Absence of freedom and the use of coercion are likely to prevail in such groups.

DEMOCRACY AND THE POWER STRUCTURE

Social control, in its relationship to the formal organization for power and control, can be related to the democratic process. The belief exists that democracy and power conflict. This belief may be true to the extent that democracy tends toward individualism rather than toward group organization. But even though democracy stresses individualism, democratically organized societies recognize the necessity of social groupings, leadership, and subordination within the group.

Need for Power Organization

No group exists for any length of time without assuming a configuration somewhat like the pyramidal power structure described above. The sharpness or obviousness of the structure may vary from the extremely clear-cut to the practically indiscernible. For example, an army officer's command over a unit represents a high degree of authority, but the president of a social club may exercise virtually no authority. Thus the pyramid is a *theoretical* representation of the power structure; in practice, it is often highly modified.

The reason for the universality of this power structure is not

hard to find. Each group is unified around purposes or goals. The progress toward these goals requires conformity, co-ordination, division of function, and leadership. The pursuit of a definite goal "is probably the most significant single factor in both self-control and social control. . . ." ⁴ When the drive toward goals is very important to the group, the mechanisms for control become more highly formalized, and the power structure more nearly resembles that of the pyramid. This change may appear when the safety of the group is threatened, as in periods of economic depression or in such disasters as wars, floods, and earthquakes. It also may appear when the objective seems extremely important, as in military conquest or profit-seeking. On the other hand, many circumstances exist in which the agencies for control of the members of the group almost disappear. Agencies for control are less apparent when the goals or objectives of the group seem to be clearly attainable, or are about to be reached, and when the values seem permanently and securely held. Power organization may tend to disappear, too, when the need for an obvious power structure seems filled by such informal controls as group habits, attitudes, and mores.

Individual Participation

Democratic standards and practices can be used in the power structure. The theory that man has a number of inherent rights is basic to democracy. The one that is of significance in social control is his right to participate equally in political power. According to this tenet of democracy, men, regardless of other individual differences, *do not differ significantly in their fitness to participate in political power.* Governments based upon broad popular participation are held to serve more efficiently and justly than governments controlled by select social groups. Democracy, however, does not mean absence of power but rather a distribution of the right to participate in power.

To the members of a democratic group, the right to participate in power is an actuality. The individual is free to exercise this right. Furthermore, the group recognizes the right and actively protects and supports institutions that in turn protect it—such institutions as universal education, free elections, media of individual communication, and the right to political organization. The democratic procedure is regarded as a value in itself. Thus, in a democracy, not

⁴ Landis, *op. cit.*, p. 107.

only the ends for which the group exists but also its democratic means of achieving them are values.

Of importance in connection with the consideration of power relationships is the appearance in society, particularly in a society favoring democracy, of a large number of groups and subgroups. If groups are formed in response to need, the growth of more elaborate and complex needs in advanced societies may be expected to develop groups to meet these needs. For example, religious, social, economic, professional, political, and other kinds of association form freely, and attract members who work together to promote social goals. Totalitarian political, social, or economic organizations typically do not permit this growth of free associations, since such organizations desire to subordinate all individual activities and efforts within the group to their own values.

These groups appear in great numbers in the society of the United States, each group having its power structure and control. Even though the American is a highly individualistic person as a result of the traditions of individualism and independence, he has become the greatest "joiner" in the world. As a result, power is dispersed, and opportunities are created for taking part in the activities of many groups.

Rotation of leadership is another characteristic of a democratic power structure. This characteristic is a logical outgrowth of the basic democratic idea that opportunities for political participation should be equal. The equal and fair competition for power implicit in the opportunity for a change in leadership is an important aspect of democratic control. *This competition may form between persons within a group, between subgroups, between leaders of rival subgroups, or between the leader of a group and one who wishes to challenge the leadership.* Competition for leadership is open to the broad membership of the group and not restricted to a chosen class. The right to challenge established leadership leads to constant preparation and recruitment of potential leadership.

TECHNIQUES OF SOCIAL CONTROL

Social control may be attained by a number of techniques. Some of them have been stated or implied so far in the chapter. *These and others are summarized, in order to present an over-all view of the means of attaining social control.*

Indoctrination

Indoctrination is a process of transmitting the basic learning of the group to its members. The natural tendency of the individual, especially in youth, to accept value-filled suggestions makes this process an effective technique of social control. It is used not only by society but also by many institutions within the society and for many purposes. As one accepts the value judgments of a group to which he belongs, he is said to be indoctrinated.

Indoctrination operates forcefully and almost automatically in church and school. These social institutions are actively engaged in portraying and interpreting the values of the cultural heritage of the group. Indoctrination is carried on aggressively in school systems when the agency sponsoring the schools is somewhat on the defensive. The thorough indoctrination in communism carried on in Russia and countries dominated by her shows a consciousness of the need for building strong ideological defenses. In the United States, interest in the formal indoctrination of political values increases in times of stress, particularly in time of war or tense international situations.

In present-day society, the individual may be a member of groups whose values are in conflict. This tendency toward many groups with a wide variation of interests is called the pluralistic nature of society. In a pluralistic society, the solidarity of group loyalty obviously tends to break down. A person who is at the same time a member of many groups which, though perhaps related to one another, have conflicting aims cannot give personal loyalty to any one. When the values of one group conflict with those of another, indoctrination loses force. A situation of this sort tends to increase the freedom of the individual, since he can then select his own values and group associations, unhampered by the habits which result from single, or monopolistic, association. An important aspect of freedom is that the individual has the opportunity to choose the type of group—fraternal, service, or recreational—to which he wishes to belong.

Publicity

The communication of opinions is important in producing conformity among the members of the group. Such transmission of value judgments is characteristic of groups of all kinds. This part of social control takes many forms, ranging from the gossip char-

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acteristic of the small town and small group to the molding of opinions and values by means of radio and television. The influence of news media in control of social action through editorials is also important—for example, editorializing about the findings of an un-American activities committee of Congress. Both fear of unfavorable publicity and desire for favorable reports may guide a person into modes of conduct acceptable to the group. The manipulation of communications through propaganda and censorship is a continuing and increasing force in social control.

Economic Betterment

The desire for economic betterment tends to control a person in his group relationships. People usually are willing to conform to any accepted social standards that will promote their economic welfare, even when such conformity involves obedience to mores for which they have little genuine regard. So also a person may refrain from any exercise of the freedom to speak, criticize, or make political affiliations that would be disadvantageous to his economic position. For most people, the energy of the best years of their lives is spent in obtaining necessary material goods. Having work is essential to them. To keep from being numbered among the unemployed, people condition their social responses and actions to win social approval.

Law and Force

Law and law enforcement are techniques of social control used by the state. Laws express rules of action that are considered to have sufficient importance to warrant formal enactment by the state. All members in the group must conform in a rather literal sense to these rules or take the consequences. The consequences of breaking a law vary from one situation to another. The supposition is, however, that the state will punish the lawbreaker and will protect the law-obeyer.

Contrary to a common belief that legislatures "make" the law, the fundamental sources of law are the social habits, mores, attitudes, and values of the group. Law is the expression of certain principles of the group that cannot be left to the operation of an inward desire to conform. For example, control of communicable diseases is regulated by law to protect the health of the community, which is a highly regarded value in the society of the United States. Once in existence, a law becomes a part of the total social forces

inducing conformity. Thus it may be said that social values produce laws, and laws in turn promote social values.

Legislatures are actually secondary sources of law. In passing laws, they reflect and give written form to the mores of the community. Nor are legislatures the only branches of civil government that give form to group practices. In the United States, for example, the courts make law in much the same sense as do legislatures. A judicial decision tells what the law is, what it means, and how it is to be applied. If two laws are in conflict, the courts decide which is valid, so that one who would know the law must know what the courts have said on the subject. Furthermore, the administrative agencies, which enforce the law, help to make the law concrete and real. The details of law enforcement require interpretation in various forms, such as instructions, orders, and decrees that are given the force of law. And an administrative agent may decide to ignore the law. Thus the totality of government must be considered in connection with the phrase "making law." The necessity of adaptation and interaction among laws, groups, and individuals is an essential phase of social control.

.. Laws sometimes become obsolete, and no attempt is made to enforce them. A cumbersome process of revising laws may, encourage this practice, since it is more convenient to let a law become obsolete than to make a revision called for by changing times. Such a cultural lag is a common characteristic of the ordinances of local government in the United States. At times, laws may be so difficult to enforce that enforcement procedures are more costly or troublesome than deviation from the laws. For example, a large immigration of persons into a community may make enforcement so difficult, especially if the patterns of behavior of the immigrants are in contrast to those of the community, that little attempt is made to enforce certain laws. Laws may also be difficult to enforce because they are considered inappropriate by the people. For instance, if a law does not conform to standards that are regarded as necessary, vital, and practical codes of conduct, or if it serves special rather than general interests, people usually are reluctant to respect either the law or the agency of enforcement.

SUMMARY

In the United States, as in other societies, people form groups, each group serving a particular function. The time span of any group

is determined largely by the interest of the members in maintaining the group and by the value they receive from their group relationships. There is, of course, a wide variation in the way in which groups function, but all societies and all groups within a society have one function or process in common—social control.

Social control, the process by which the individual is caused to believe or to act in a way acceptable to the group, is possible only when certain conditions exist: (1) the group must have a goal or goals toward which it is working, (2) the members of the group must be willing to accept an unequal power relationship between the leader or leaders and themselves, (3) the individual member of the group must accept some limitation on his freedom, and (4) there must be means of communication within the group to diffuse the group will among the members.

Relationships among persons in a group are of two kinds, horizontal and vertical. The bases for horizontal relationships are freedom, voluntarism, co-operation, and individualism. In such relationships, there are neither command-obedience relationships nor limitations of individual freedom. In vertical relationships, a person in a position of dominance communicates with those who are expected to obey—that is, there are command-obedience relationships. The bases for this kind of relationships are subordination, leadership, responsibility, and group solidarity. Vertical relationships are characteristic of social control.

The behavior of individuals is brought into conformity by primary group controls and secondary group controls. A primary group is one in which the members have frequent, personal relationships—for example, the family, neighborhood, or school. The accepted code of behavior of a primary group is respected and is enforced by such methods as ridicule, ostracism, sarcasm, and adverse criticism. Because the status of the individual in the group is important, primary group controls, though informal, are effective in bringing the individual into conformity with accepted group ways of behavior.

In modern society, most persons have many group relationships other than those in primary groups; they belong somewhat casually to secondary groups, whose members have infrequent, impersonal, and detached relationships. In such relationships, more formal controls are needed to bring the members into conformity with accepted group behavior, since the individual cares less about his status in the group.

Conformity with accepted group practices is an obvious feature

of social control. In both primary and secondary group relationships, conformity is secured in four ways: (1) by habit, (2) by rewards, (3) by penalties, and (4) by altruism or idealism.

Conformity is nowhere absolute, and in any group there are greater or lesser degrees of nonconformity. The nonconformity may be the result of the individual's having obtained desired results by objecting to accepted group practices in his childhood; this habit continues in his adult life, marking him as a person who habitually opposes the group ways of behavior. Some persons in a group may hold values that conflict with values generally supported by the group, and they may refuse to support those values either on an individual basis or by participation in group action.

The command-obedience relationship among persons in a group tends to develop into a power structure for the purpose of coordinating the efforts of the group to reach the objectives or values desired. A power structure, which is pyramidal in form, appears in all groups; but its obviousness varies from group to group. It is particularly evident in large, formal groups with well-defined goals.

At the top of the power structure is the leader, who protects and promotes the values of the group. Below the leader is the bureaucracy, made up of those persons who aid the leader in carrying out his functions. Actually, these subordinate officials perform many of the duties and activities of the leader. The members of the group are at the base of the power structure and are in a position of subordination. In a democratic group, however, the members exercise considerable control in the power structure in various ways—for example, through election of the leader and determination of the goals of the group.

Social control is a far-reaching and all-inclusive characteristic of groups and societies; it touches almost all aspects of human relations. Techniques to attain social control include indoctrination, publicity, desire for economic betterment, and law and force.

QUESTIONS

1. Define social control.
2. *Developments of more secondary group relationships may result in more formal techniques for social control. Why is this true?*
3. What relationship is there between social change and social control?
4. Distinguish between "horizontal" and "vertical" group relationships. Are both kinds usually found in every group?

5. In what type of society will a relatively large number of secondary groups be found?
6. What are the rewards for the individual's conformity to group ways of behavior? What are the penalties for not conforming?
7. Describe the "power structure" as a characteristic of social control. Why does the term *bureaucracy* so often bring an unfavorable reaction?
8. Give examples of indoctrination carried out in some secondary groups of which you have been a member.
9. List techniques of social control from among those enumerated in this chapter which you have encountered personally. Can you, from experience, add others to the list?

DISCUSSION

1. "The opponents of democracy are fond of saying that the people are like sheep; they conform to the wishes of the leaders." If this is true, is democracy discredited?
2. "Law is only a memorandum of the way people want to behave." Do you agree or disagree with this statement? Give reasons for your answer.
3. What values, if any, seem to you to be of enough importance to justify using force to secure conformity to them?
4. "For the best development of human relationships, a community should have an overt, formal, democratic power structure." Argue this statement pro and con.
5. Although in some cases social control might be applied to political behavior, the use of the secret ballot has made such efforts at control quite ineffective. To what extent do you agree that the secret ballot eliminates social control in this respect?

TERMS

Primary group: A group whose members have frequent, personal, and face-to-face relationships.

Secondary group: A group whose members have infrequent, impersonal, and detached relationships.

Totalitarian: An all-encompassing form of social control, particularly applicable to political institutions.

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PART III *The Organization of Society*

The study of man-in-society involves a consideration of the relationship of the individual to the group and of groups to one another. In Part II of this book, considerable attention has been given to these relationships. Certain patterns of social relations characterize the family, education, religion, the market, and other social institutions and processes. Urbanization, interdependence, maladjustment, and social control are characterized by particular processes through which society exists and functions. Social institutions and processes provide means through which people meet their many needs and determine their individual values, as well as their social values.

Part III carries this study further by an examination of more social groups and institutions that make up the general way in which society is organized. More than half of the chapters in Part III deal with two of these institutions—business and the state. These institutions developed simultaneously. Their growth and influence have been interrelated, and man-in-society today cannot escape the influence of modern business and the modern state. At the same time, social values are determined to a large extent by the relationship of both the individual and the group to these two institutions.

A brief consideration of the background of modern society is made, first, by stressing the development and functioning of business, and second, by examining the modern state, with its various ramifications and social implications. Neither phase can be studied independently, but more emphasis may be given to one than to the other in any particular chapter. The present chapter gives the setting for subsequent consideration of the development of modern business.

THE MANORIAL SYSTEM

Modern Western society evolved from conditions which existed in the period of history known as the Middle Ages, or medieval times, a period extending roughly from 500 A.D. to 1500 A.D. The particular feature of medieval society from which modern business developed was the manorial system. This system was mentioned in Chapter 11 as the "caste system," one of the kinds of socioeconomic systems that fulfill the economic functions of society.

During medieval times, Europe was divided into large estates, and about 90 per cent of the people lived in the rural areas, making their living by farming, fishing, and hunting. The estates—called manors—were owned by nobles and higher clergymen, while their dependent tenants tilled the land. Society was highly stratified, with the broad base of the social structure consisting of the large body of workers who engaged in agriculture and provided the means of subsistence for medieval society. The society of medieval times often is referred to as a mutual service society. The nobles, who were owners of the estates, provided protection; the clergy took care of spiritual matters—that is, provided salvation—and the rest of the people provided food and other necessities.

Each manor was virtually self-sufficient economically, depending upon the outside for only a few items, such as salt and iron. The manor consisted of two main parts. The smaller part formed the manorial lord's demesne—his domain. It included the orchards and gardens surrounding the manor house or castle and a certain proportion of the arable land. What the demesne produced belonged to the lord. The larger part of the manor was allocated to the tenants, and what was produced there, except for the contribution to the lord, belonged to them and supported them. An agreement known as the manorial contract involved obligations on the part of both lord and tenant. The lord gave to the tenant the use of the land, and the tenant rendered to the lord services and dues, such as work and payment of fees for the use of flour mills, wine presses, and bake ovens.

The typical manor had a few slaves, some freemen, and a great many serfs. The slaves, as property of the lord, were employed in his household or on his demesne. The freemen rented land from the lord, who could not take the land from them. They paid an annual rent in money or in kind (goods or produce) and usually were required to do some work for the lord, especially at the busy seasons of harvesting and plowing. Being freemen, they could leave the manor at will and seek their fortunes elsewhere.

A serf held a higher status than a slave, for his holdings could not be taken from him, nor could he be sold apart from the land—he was "bound to the soil." A serf ranked lower than a freeman because he could not leave the manor, could not sell or bequeath his goods, and could not change occupations. Furthermore, he could not marry outside the manor unless he obtained the lord's permission, for which a money payment ordinarily was required. If he fled the manor, he could be brought back and punished; if he could not be found, his holding of land reverted to the lord. The lord was constrained only by his moral sense and by self-interest from exacting compulsory labor and contributions from the serf.

The manor was organized in a well-defined pattern. The serfs and freemen lived close together in a village, which usually was not far from the manor house. Because the manor was almost self-sufficient economically, the problem of subsistence engrossed the attention of all persons on the manor, and agriculture was the predominant occupation.

In the operation of the farming enterprise of the manor, the lord would parcel out the arable land to the serfs according to the "open-

field" system. The land of a serf, instead of being all in one piece, was divided into a number of long, narrow strips, usually of an acre or half an acre each. The strips of any one serf were scattered over the manor in order that both good and poor soil would be distributed

A TYPICAL MANOR

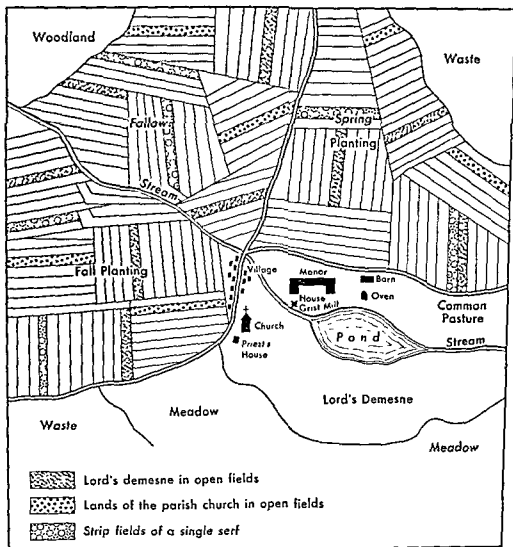


Figure 13

among all the serfs. The open-field system made it necessary for a farmer to sow the same kind of crops as did his neighbors and to till and reap them when they did. Scientific farming was unknown; hence, only part of the land was cultivated, while the rest lay fallow (idle) in order that it might regain its fertility. The most common

arrangement was a three-field system. One part of the manor would be sown to a winter crop, such as wheat or rye; one to spring grain, such as oats or barley; and one would be left fallow. The next year the fallow field would become the winter grain field, the spring grain field would become the fallow field, and so on in succession through generation after generation of farmers.

Besides his holding of arable land, each tenant had some rights over the nonarable land. He could pasture his livestock in the common pasture, cut his share of hay from the common meadow, and take wood from the common woodlands for fuel and buildings. However backward these agricultural methods were, sufficient food was provided to support an increasing population in Western Europe during the Middle Ages and early modern times.

Gradually, during medieval times, serfdom passed away. There were many reasons for its decline, the most important being the development of town life, beginning in the eleventh century. A market was provided by the town for the surplus agricultural products of the manor. In turn, the town supplied the inhabitants of the manor with tools, clothes, and other articles that formerly had been made on the manor. At first trade took the form of exchange of goods, or barter; but with the growth of industry, money came into use. Money could be used by the serf to buy relief from the contribution expected from him; more important, he could buy his freedom. In the course of time, the manorial lord became the modern landlord, and his former serfs became tenant farmers. The emancipation of the serfs was one of the most important dividing lines between the medieval and the modern world.

TOWN ECONOMY

The towns and cities that developed during the eleventh century usually were located on territories of manorial lords, and the townspeople owed obedience to the lords. As the towns grew in importance by reason of the increase in trade and commerce, their inhabitants demanded freedom and exemption from manorial obligations. Although the obtaining of freedom by the towns was sometimes accompanied by revolt, the usual procedure was peaceful and orderly. The lords needed money; the townspeople had the money, and the lords granted concessions for cash payments. Gradually the towns obtained their freedom and the right to govern themselves and regulate their own economic affairs. These rights were set forth in a

charter—a written and formal agreement between the townspeople and the lord.

The free city generally was controlled by the wealthy citizens, to the exclusion of the poorer people. Many vital functions in the city, particularly in controlling the business activities, were performed by the guilds, which were of two general kinds—merchant and craft. The merchant guild was an organization made up of those persons who bought and sold goods and who united to protect their interests and to safeguard their control of retail trade. The guild imposed conditions and regulations, such as special fees, selling only at wholesale, and confining business dealings to guildsmen, on merchants from other cities who sought to do business in the town.

The craft guild was made up of artisans or skilled workmen organized to protect their interests. Virtually every occupation and many professions had their guilds—shoemakers, tailors, bakers, weavers, doctors, lawyers, and many others. Rules and regulations regarding quality of workmanship, the number of apprenticeships, and other matters were made to protect the interests of the guild. No worker could practice his skill unless he was a member of the appropriate guild. A common spirit of unity existed among the guild members: master workman, journeyman, and apprentice worked side by side. Each guild also was a benefit society helping members who met with misfortune and providing opportunities for recreation.

Exchange of goods in the towns was accomplished by weekly and semi-weekly fairs. Inhabitants of the town bartered or bought and sold their goods without municipal restrictions. Outsiders who sought to dispose of their goods at these fairs usually were required to pay *tolls for the privilege*. *In determining the price of goods, the practice was to sell at a "just price"*—a price considered fair to producer and consumer alike. There was no idea of determining the price level by supply and demand. Attempts to fix prices by the city government generally were unsuccessful.

Fairs were necessary because purchasers could not afford to travel far in search of what they wanted, nor could merchants keep large quantities of many kinds of goods in their shops. The conditions of transportation made it impossible to conduct trade over a large area, even though merchants might have desired to do so. Bad roads, few bridges, poor inns, highway robbery, payment of tolls at manorial borders, piracy at sea, poor navigation facilities, lack of a medium of exchange, absence of any system of standard coinage,

and lack of credit instruments—all these made medieval trade over wide areas extremely hazardous and inconvenient. Business during medieval times was confined almost entirely, therefore, to the immediate locality of the town.

THE COMMERCIAL REVOLUTION

There was one conspicuous exception to the small-volume, narrowly confined, and town-controlled trade of medieval commerce and business—the trade with the East which developed as a result of the Crusades (eleventh to thirteenth centuries). The early trade with the eastern Mediterranean area was monopolized by the northern Italian cities, particularly Venice and Genoa, with the countries of Western Europe sharing only indirectly in the profits of the Oriental trade. In the late Middle Ages, however, a tremendous expansion of commerce enabled the Western European countries to break the Italian monopoly and to revolutionize the general economic structure of the Western world. This transformation, which developed in the period from 1450 to 1700, usually is referred to as the Commercial Revolution.

Expansion of Trade and Commerce

Simultaneously with the revolution in trade and commerce, the modern national state began to emerge in Western Europe. Consideration of this development is left to a later chapter, but we should note here that the national state exerted considerable influence on the expansion of business. As the rulers of the national states secured control of the towns, they influenced the change in the economy from that of town to nation. Accordingly, the area of business activity was widened from the locality to the nation as a whole. Naturally, the rulers of the new states were desirous also of breaking the Italian cities' monopoly of trade with the East.

The economic and political changes in Europe during the late Middle Ages were accompanied by a transformation in thought and intellectual outlook. This movement is referred to as the Renaissance, or revival of learning. The new thinking enabled man to understand better his physical environment and his relationship with his fellowmen. A general characteristic of the intellectual change was the arousing of man's curiosity—he wanted to learn more about himself, the world in which he lived, and the universe. This intellectual curiosity had definite economic effects. New inven-

tions aided the expansion of commerce. The invention of printing stimulated trade in books as well as in exchange of ideas. The invention of gunpowder provided an impetus to the manufacture of weapons of warfare and aided in the change from feudal to national political organization, with resulting shift from town to national trade. Improvement of the compass and invention of the astrolabe enabled mariners to sail uncharted seas and to discover new lands, with resulting stimulation of overseas commerce. As an aspect of this intellectual curiosity, man became interested in himself and his potentialities in working out his own destiny in life. The Protestant Revolt from the Catholic Church during the sixteenth century encouraged individualism, and some Protestant groups praised industry and thrift as virtues in the righteous accumulation of money. A result was increased interest in current problems of living and in new methods of conducting business, with less emphasis placed upon preparation for the "other world."

Probably the most significant development leading to an expansion of trade and commerce was the bold action of mariners in discovering new overseas trade routes to parts of the world far distant from Europe. The immediate objective of the West European countries was to discover a direct, all-water route to the East. Achievement of this objective would break the Italian monopoly and direct the profits of the trade to the ambitious rulers of Western Europe. Portugal succeeded in achieving the objective when Vasco da Gama sailed around the southern tip of Africa and across the Indian Ocean to India. As a result, Portugal won for a time a preferred position in overseas trade. Portugal's neighbor, Spain, was likewise bent on finding a water route to India. Her efforts resulted in the discovery of the New World by Christopher Columbus. Other nations, particularly Holland, France, and England, also became interested in discovery.

In a short time, the volume of trade increased enormously. Goods from the East and the New World not only increased in quantity but also brought about changes in the goods and products used by Europeans. Probably the most important commodity furnished Europe by the New World was precious metal. The Spaniards imported tons of gold and silver, much of which was minted to circulate as money throughout Western Europe. The increased quantity of precious metal created more currency, raised price levels, affected wages, aided in the creation of banking and credit systems, and influenced the growth of capitalism.

Expanding overseas trade thus caused vast changes in commerce and business. No one group of cities could maintain commercial supremacy; leadership went to the nation with the best harbors and greatest national strength. State policies of business succeeded town policies, because the new business interests were national rather than town or guild in scope.

National Business Policies: Mercantilism

The tremendous growth of commerce necessitated the formulation of new economic policies and their application to trade and industry. The over-all policy that evolved is known as mercantilism, and the organizational complex of trade and industry that was built upon it is referred to as the mercantile system.

Under mercantilism, the government sought to regulate industry and commerce in such a way that the national state would be enriched and strengthened. According to this policy, political power rested upon economic power; economic power was based upon national wealth; and national wealth was measured in money—that is, gold and silver. The objective was to have a constant flow of money into the national treasury. Therefore, commerce was regulated to bring about a favorable balance of trade—that is, the value of goods exported must be greater than the value of goods imported. In other words, the nation should sell more than it bought, thereby leaving the difference in value—the favorable balance of trade—in the country. In line with this theory, states adopted a policy of regulation designed to encourage the exportation of manufactured goods and to restrict imports by high tariffs.

The goal of mercantilism was a strong, self-sufficient economic state. Making the state as economically independent as possible called for the utilization of every possible resource. Laws were enacted prohibiting the exportation of gold, restricting importation of finished goods, and forbidding skilled workers to leave the country. At the same time, new industries were encouraged through the granting of subsidies, bounties, and monopolies. Once created, the new industries were provided with the necessary technical skill by governmental regulation of labor. In order to reduce payments to foreign countries for transportation of goods, laws were passed to stimulate shipbuilding, facilitate the training of sailors, and prohibit the transportation of goods in foreign vessels or foreign-manned vessels.

National states found that their resources were insufficient to

reach their goal of economic self-sufficiency. One way to supplement the national resources was to acquire overseas possessions. Overseas discoveries had provided the opportunity to plant colonies in various parts of the world. Once colonies had been founded, the policies of governing them were determined by mercantilism, and the economic affairs of colonies were regulated to bring about monopolistic control of colonial markets and raw materials. Thus the resources of the mother country were invariably supplemented by those of the colonies.

To promote overseas trade and colonization, West European nations encouraged the organization of trading companies, which were granted charters by the government. The joint stock company—the typical trading company—usually was granted monopolistic trading privileges in a colonial area. The profits from the enterprise were allocated to the investors in proportion to the shares of stock held by each.

New Business Practices

New business practices were necessary to meet the needs of a growingly complex economic life. Business enterprises for handling the expanding trade and business needed working capital. This need created a growing demand in West European countries for money and credit. To meet the need, there were established banking houses, which made loans and facilitated business transactions by the use of instruments of credit, such as promissory notes and bills of exchange. Business expansion was furthered also by national coinage systems with definite standards of value, such as the pound in England, the franc in France, and the lira in Italy. Using money as a medium of exchange eliminated the inconveniences and disadvantages of the barter system of medieval economy. Another aid to business practice was the development of accounting methods. Single- and double-entry bookkeeping, which came into use at this time, enabled businessmen to translate their profits and losses into money evaluations.

Another business practice—insurance—developed out of the hazards and risks of overseas trade. The loss of a vessel or cargo might ruin a merchant financially. If losses could be distributed among a group of merchants, no single merchant would have to bear the total loss. Accordingly, interested merchants would enter into an agreement by which each was responsible for a percentage of any loss. Out of this practice, the insurance business developed, and

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The growth of business and the need for increased capitalization made the individual enterprise inadequate to meet the requirements of commerce. Individual enterprises gave way to partnership concerns, and these in turn to corporations. The corporate form of business organization made possible overseas business projects, such as joint stock companies, and production at a lower cost per unit. The creation of corporations gave an impetus to the establishment of the stock exchange, a market for buying and selling stocks and bonds. The stock of corporations was issued in shares that could be easily transferred from one person to another through the facilities of the stock exchange.

Under the impetus of the expansion of commerce and investment, industry grew, with accompanying changes in its organization. The craft guilds, with their monopolistic practices and close regulations, were unable to produce goods sufficient to supply the demands of the market. Therefore, a new industrial practice developed—the domestic, or putting-out, system. A merchant capitalist, or entrepreneur, bought raw materials and distributed them to artisans to be processed in their own homes for specified wages. In some cases, he would supply the necessary tools. The finished product belonged to the entrepreneur, who disposed of it in the market. The domestic system gradually supplanted the guild system, and the domestic system was replaced eventually by the factory system.

General Results of the Commercial Revolution

An important result of the changes in business during the time of the Commercial Revolution was greater emphasis on the use of wealth to obtain income. As we have noted previously, when wealth is set aside for the purpose of gaining an income (additional wealth), it is called capital. The economic process based on this principle is known as capitalism. The capitalistic process was applied in most of the aspects of the Commercial Revolution. Capital was invested in shipping, banking, manufacturing, insurance, and almost every other type of economic endeavor, and capitalism was the orbit in which business activity took place.

Another general result of the Commercial Revolution was a change in the structure of society: the rigid social stratification of the Middle Ages became more flexible. This change saw the rise of the middle class, composed of the merchants, traders, entrepre-

neers, bankers, and professional people. The middle class furnished the promoters for the capitalistic enterprises. Fortunes were made, and the middle class eventually came to be prominent in both economic and political affairs.

THE ECONOMIC REVOLUTION

The Commercial Revolution brought about a decided transformation in the manorial system and the town economy of medieval times. Yet modern business institutions and processes were not formed fully by this transformation. At the beginning of the eighteenth century, people in the Western world lived under conditions more closely resembling those of medieval times than those of modern times. The mass of people continued to make their living from the soil, much as they had in the open-field system of manorial days. Industrial workers carried out their tasks under the domestic system, working in their own homes. International trade was still in its infancy.

Further and extraordinary changes were necessary to provide the characteristics of modern business that are familiar today. Yet within about 150 years (a relatively short time in the history of the human race), society experienced changes that can be identified now as the source of modern business. This transformation was the result of an economic revolution that took place first in Great Britain, spreading later to other parts of the world. The change involved two related movements—a revolution in agriculture and a revolution in industry and commerce.

THE AGRICULTURAL REVOLUTION

Causes

The Agricultural Revolution took place in England during the latter part of the eighteenth and early part of the nineteenth centuries. It was essentially a culminating point in a process known as the enclosure system. Beginning in the fifteenth century, more and more landholdings of small farmers passed into the hands of large landowners, who fenced or enclosed their enlarged estates for the purpose of grazing sheep. Gradually, also, land for raising grain crops was acquired and enclosed. In the eighteenth century, enclosure was used on a larger scale than ever before for grazing and agriculture.

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This revolutionary change was fundamentally a response to the greater demand for foodstuffs resulting from the growth in population. Another important factor in bringing about agricultural change was industrial expansion, which brought about a concentration of population in large cities. As the towns grew, their dependence on the rural areas for agricultural products also grew. Increasing capital and expanding scientific knowledge also influenced agricultural enterprises. The application of capital to agriculture promised a profitable return to wealthy landlords and to businessmen, whose livestock and agricultural enterprises were conducted on a relatively large scale.

Results

Improved farm practices resulted in the disappearance of the last traces of manorial agriculture. The actual tillers of the soil on the large estates were tenants, who paid rent to the landlord, or farm laborers, who hired out for wages. Another result of the Agricultural Revolution was increased production of foodstuffs. Until the third quarter of the nineteenth century, English agriculture was able to feed the growing population without the importation of foodstuffs. A further result of the agricultural transformation was that the creation of large estates dispossessed small landholders and reduced the need for tenants and agricultural laborers. Many of these people went to the towns and cities in search of work. Some of the more enterprising became factory owners; others became a labor supply to be drawn upon by the new machine industry.

THE INDUSTRIAL REVOLUTION

Of even greater influence in its ultimate effect upon society was the movement known as the Industrial Revolution. The Industrial Revolution began with inventions that changed production by substituting machines for artisan's tools, machine labor for human labor, and new kinds of power for human power. In its progression, the Industrial Revolution affected political and social as well as economic life. It began in England, and its time setting may be designated as between the years 1760 and 1830. Many developments, however, had occurred before 1760, and industrial changes have continued into the present time. Hence, any definite time period given for the Industrial Revolution is purely arbitrary. The many comparatively rapid and profound changes of the seventy-year

period, however, may be considered as constituting a revolution in the perspective of the total span of human history.

Causes

The changing needs of society and the failure of existing institutions and processes to satisfy those needs were basic causes of the Industrial Revolution. By the middle of the eighteenth century, a combination of conditions had created a kind of society for which traditional methods of production no longer sufficed. Some of these conditions were (1) increase in population, with a growing demand for foodstuffs and goods; (2) urbanization, with increasing numbers of people coming in direct contact with markets; (3) development of new tastes and new demands for consumers' goods; and (4) growth of colonial empires, which supplied products to supplement home-produced products, and markets for finished goods.

In addition to the above factors are others of a somewhat different kind. Inventions and improvements in a society occur when more effective and faster communication and transportation are possible—that is, when cultural elements are more widely diffused. Certain conditions also must exist before an invention can be created. These conditions are (1) a clearly perceived need; (2) the necessary elements; and (3) inventors. The Commercial Revolution made possible the means for diffusing elements of culture and for creating conditions favorable for inventions. Thus, by the middle of the eighteenth century, a mass of inventions had accumulated and an avalanche of new ideas had produced hundreds of new elements in the culture of Western Europe.

General Features

New machines introduced during the Industrial Revolution increased man's productive capacity to an unprecedented extent. The various aspects of the textile industry serve as an example of the progress of mechanization. In 1733, John Kay contributed the first of the important textile inventions: the flying shuttle for the weaving of cloth. This machine made it possible to weave cloth more rapidly than before, and consequently a greater demand for thread arose. A generation passed, however, before there came significant changes in spinning. Then a large number of mechanical improvements occurred. The work of James Hargreaves, Richard Arkwright, and Samuel Crompton made it possible to spin a finer quality of thread and to do so more rapidly. Arkwright and Crompton put spinning

on a power basis, and Edmund Cartwright further improved the weaving process by constructing a power loom. In time, the increasing demand for cotton fiber resulted in the invention by Eli Whitney of the cotton gin, a machine which separated the seed from the fiber, making more raw cotton available for spinning thread. Later, Elias Howe's sewing machine met the need for a speedier means of making cloth into garments.

The use of heavy machinery called for new kinds of power. Of chief importance was James Watt's invention in 1769 of an improved type of steam engine. Later came the steam turbine and electric dynamo, both sources of greatly increased energy. Shortly afterwards, the internal combustion engine was found to be practical in both industry and agriculture.

Most of the early machines were constructed of wood, a material which proved unsatisfactory. The resulting increased demand for iron led to improved mining methods and metallurgical processes—the Davy lamp, mechanical picks, pneumatic drills, and the application of new kinds of power to mining operations. The need for stronger machines called for a better quality of metal, resulting in improved methods, such as the puddling process, the blast furnace, the Bessemer process, and the open-hearth method, in the production of iron and steel.

Better means of production were useless without better means of exchanging goods. Accordingly, roads were improved and water transportation was facilitated by canals and better ships. Steam power was applied successfully to water transportation by Robert Fulton in 1807. Later improvements came in the form of the screw propeller, refrigeration, diesel engine, and other aids to water transportation. Steam power also was applied to land transportation. Credit is given to George Stephenson for constructing a successful locomotive in 1814, and his effort launched an era of railroad building.

Spread of Industrialism

England enjoyed a predominant industrial position until about 1870. She had a head start over other nations, and political conditions elsewhere retarded industrial growth. For example, neither Germany nor Italy was unified nationally until 1870; the United States experienced a Civil War ending in 1865; and Japan was not westernized until the 1870's.

England attempted to keep her inventions and new machines

from being utilized in other countries. Laws were enacted prohibiting blueprints and machines from being taken out of the country. Englishmen, however, migrated to other nations and either smuggled plans or carried them in their heads.

When industrial development did take place in other nations, it was rapid. In some instances, nations became industrialized in two or three decades, whereas in England a century had been required for comparable developments. England served as a working model for other countries. These countries were not content merely to imitate England but profited from her mistakes and adopted more modern techniques. For instance, whereas England relied on steam, the United States and Germany developed electrical as well as steam power.

During the last half of the nineteenth and early part of the twentieth centuries, most of the countries of western and Central Europe, Japan, and the United States had become industrialized. Although some industrial development had taken place previously in the United States, the Civil War period marked the beginning of mass industrialization. During the decades following the Civil War, this country was converted into one of the outstanding industrial nations of the world. To this rapid development, there were a number of contributing factors. The growth of the West led to the development of a large internal market. The linking of the Atlantic and Pacific coasts by transcontinental railroads added to sectional interdependence and helped create an even larger internal market. Foreign immigration helped populate the West and furnished an abundance of cheap labor in industrial areas. The national government adopted policies, such as protective tariffs and subsidies to railroads, which benefited the business interests of the nation.

The particular contributions of the United States to industrial processes generally are considered to be the application of (1) mass production methods on a large scale; (2) standardization, or the interchange of parts; and (3) simplification, or specialization of work processes.

EFFECTS OF THE INDUSTRIAL REVOLUTION UPON SOCIETY

Effects on Population

The development of industrialism has affected not only the production and distribution of goods and services but also society as

a whole. One of the effects was the influence on population trends, two of which were outstanding. First, there was a decided growth in population.¹ The Agricultural and Industrial Revolutions contributed to this trend by the increased production of food and other necessities which enabled a large population to subsist. Other factors, such as better living conditions, improved sanitation, and advances in medical science, by reducing the death rate, also contributed to the growth of population. Second, people left rural areas for the cities. This movement was not new, of course; it had occurred in connection with the decline of the manorial system in Europe and during the enclosure movement in England. But after the Industrial Revolution, the movement was accelerated, chiefly because of the real or fancied economic advantages of living in industrial areas.

Dominance of Capitalism

As previously stated, one of the general results of the Commercial Revolution was the use of the capitalistic process of production. With the progress of industrialism, the use of capital in economic activity became more marked. The capitalistic process centered in the factory—the site of the new machinery and large-scale production, which became characteristic of industrialism.

Important changes in business organization were necessary to meet the needs of industrial capitalism. The corporation proved to meet these needs more adequately than the individual proprietorship or the partnership, since the sale of shares of stock made possible large sums of capital that could be used for the establishment and operation of factories. The creation of super-corporations and other gigantic organizations ushered in the age of big business.

Emergence of Economic Liberalism

The business groups that promoted industrialism were of the middle class in society, the same social class that had come into prominence as a result of the Commercial Revolution. Although the businessmen of the middle class for a time supported the highly regulatory policies of mercantilism, they came to believe in the doctrine of *laissez faire*—that is, that business should enjoy freedom of enterprise and government should forsake its policy of interfering in economic affairs. Mercantilism, which had once been regarded as a blessing, now seemed to the new masters of industry

¹ See also Chapter 8, "Population Trends."

an unnecessary restriction. They contended that industry was capable of producing unlimited wealth if left unhampered in its operation.

The business classes had their champions in denouncing mercantilism and in proposing the new philosophy—economic liberalism—for an industrialized society. Adam Smith and other eighteenth-century thinkers advanced the *laissez-faire* doctrine as the best of all economic theories. In *The Wealth of Nations* (1776), Smith stated the case for *laissez faire*.² He attacked state regulation of business, maintaining that government had only three main duties to perform: (1) protection of society from invasion and violence; (2) establishment of an exact administration of justice; and (3) erection and maintenance of certain public works and public institutions that would not be profitable to private enterprise. Except for these three duties, Smith asserted, government should allow the individual to work out his own economic destiny. The assumptions underlying *laissez faire* are that the maximum of social welfare is to be derived from a minimum of governmental interference and that each individual understands best his own wishes and will come nearer to their realization through his own initiative than through any agency of collective action.

The ideas of Adam Smith and other exponents of the *laissez-faire* doctrine exerted widespread influence in the nations of western Europe and the United States. This influence has continued, though under the impact of the social and economic changes of the twentieth century, *laissez-faire* economy has been modified considerably.

The *laissez-faire* doctrine stresses individual enterprise, and its acceptance grew out of the conditions following the Industrial Revolution. Capitalism is so closely related to economic individualism that the one is usually thought of as bound to the other. The industrial system sometimes has been described as an individualistic system. As an individualistic system, it embraces competition as an essential force in economic activity. Because productive units are products of individual enterprise, they comprise, in theory at least, a world of competing units. Since each producer is concerned with producing and selling goods at a profit, he strives to keep the price of his goods low, both to attract customers and to operate at as low a cost of production as possible. He therefore exacts from his workers a strenuous working day under conditions that will net him the

² See Chapter II for a more complete account of Adam Smith's advocacy of *laissez faire*.

highest profits possible. This situation has given rise to social problems involving the effect of modern industry upon workers.

Effect on the Worker

The development of large-scale production meant a tremendous increase in the total productive capacity of society. The social significance of this increased productive power cannot be overestimated. It made possible the support of increased populations. It raised the average standard of living wherever industrial development took place, because total production constitutes the income of society. The greater the production, the more there is for everyone. The average worker in most of the industrialized nations has more material goods than had the aristocracy of the Middle Ages.

Technological advances provide new opportunities for work. New processes within old industries call for more jobs and more workers; for example, the utilization of by-products in some industries results in the creation of business units employing many workers. Indeed, entirely new industries arise from technological advancement. The chemical, automobile, and electrical industries have emerged as large-scale industries, providing job opportunities for millions of workers.

At the same time that technological advancement creates new jobs for workers, it contributes to their economic insecurity. The introduction of labor-saving machinery causes unemployment for some workers. Adjustments may be made eventually, but for a time some workers are without jobs. Factory processes with increasing specialization or division of function result in a loss of alternatives for the worker. When he is trained in one special task, any change in methods of production makes it more difficult for him to use or "sell" his special skill. Changes in technology constantly occur, and every change jeopardizes the employment and income of some types of workers.

The factory system, with the accompanying wage system, has other effects on the worker. Employed by someone else, the worker has limited freedom of movement and decision. Hours of work, speed of work, and conditions of work are determined in large part by the employer. With increased division of labor, many jobs become uninteresting and monotonous: continued performance of one simple task is neither stimulating nor inspiring. In the performance of only a single task in the whole production process, the individual worker becomes divorced from the finished product, so that he may not

see any direct connection between the work performed and the income (wage) received. The laborer's income depends on many complex factors in the economic process, and the worker does not see any direct relation between work and reward. The result is an inclination on the worker's part to do only what he is assigned under the supervision of the employer.

The wage system and conditions of work, coupled with the prospect of losing his job because of technological changes, create a singular attitude in the worker. He has little sense of belonging, and his feeling of insecurity is great.

New Socioeconomic Groups

THE BOURGEOISIE Following the Industrial Revolution, the development of society based upon industrialism resulted in sharp lines of division between some groups in society. The group holding to economic individualism and *laissez faire* was the middle class, or *bourgeoisie*, who were, for the most part, the owners of capital. Following the Industrial Revolution, the *bourgeoisie* controlled society—economically, socially, and politically. At the time of the bourgeoisie's attainment of control, spokesmen for the middle class were imbued with zeal for the natural rights of man and the natural order in society. Adam Smith stressed the idea that each man should be free to work out his own destiny in life and that natural economic laws would operate to benefit both the individual and society. Accordingly, legislation restricting individual initiative and interfering with the natural economic laws would lead to misery for the individual and to less than maximum benefits for society.

Other middle-class spokesmen expressed similar ideas. David Ricardo contended that natural economic laws determined wages for labor and that labor had a natural price. This natural price he saw as a subsistence wage—that is, one that would purchase the absolute necessities of food, clothing, and shelter, and no more. Nor could the laborer expect a better lot; any attempt to improve it would be a dangerous tampering with a law of nature. Thomas Robert Malthus, too, subscribed to the subsistence theory of wages in his *Essay on Population*.³ Stating that population increased faster than the food supply, Malthus concluded that the masses were doomed inevitably to misery and that any attempt to aid the people by remedial legislation, far from doing good, would only increase their misery.

³ See also Chapter 8, "Population Trends," for a discussion of Malthus' work.

The *bourgeoisie* readily accepted the ideas enunciated by such writers as those mentioned. As the middle class obtained control of society, the economic philosophy of the *bourgeoisie* crystallized into what is known as economic liberalism. This philosophy maintains, in brief, that (1) every person is a free man economically and should be let alone to work out his own destiny; (2) business should be regulated as little as possible; (3) government should be used only for protection, especially protection of private property; (4) competition is the main force in economic activity and should not be restricted, because natural laws determine what is fair and just; and (5) a close connection exists between wealth and virtue. Poverty is the result of shiftlessness, immorality, and similar weaknesses and vices.

THE PROLETARIAT The bourgeois philosophy about the existence of poverty and the status of the laborer in society came to be challenged by champions of the welfare of the workers and by the working group itself. A philosophy which approved concentration of wealth in the hands of a few and poverty as the natural lot of the many obviously would have little appeal to the many. Because of their lot in society, the workers not only threatened but also resorted to violence in their bitterness toward the dominant bourgeois group. The proletariat—a term which came to be used commonly to identify the factory day laborers—and their champions formed several schools of thought in opposition to economic liberalism.

No attempt is made to describe each of these schools in detail, but a brief resume of the tenets of each is in order. All of them contributed to the philosophy of socialism, as opposed to the philosophy of economic liberalism. The diagram below may aid in an understanding of the socialist groups that developed during the nineteenth century.

Two general schools of thought existed among the proponents of socialism. One held that the state, through the agency of government, should own and control all natural resources and the means of production and exchange. The other held that no government was desirable in society: the proletariat should attain its goals by itself.

The principal socialistic groups advocating reform to give the state ownership of and control over all natural resources and the means of production and exchange are Marxian socialism, Utopian socialism, and Christian socialism.

Probably the most widely known of the socialist groups were the

Marxian socialists, who adopted the revolutionary ideas of a German intellectual, Karl Marx. Forced to spend most of his life in exile, Marx finally settled in England, where he wrote his famous *Das Kapital*. He had previously co-operated with Friedrich Engels in writing the *Communist Manifesto*, which admonished the workers throughout the world to become class conscious and unite to overthrow the *bourgeoisie*. Marx's influence in fostering the philosophy of socialism is as outstanding as the influence of Adam Smith in advocating the philosophy of economic liberalism.

VARIETIES OF SOCIALISM

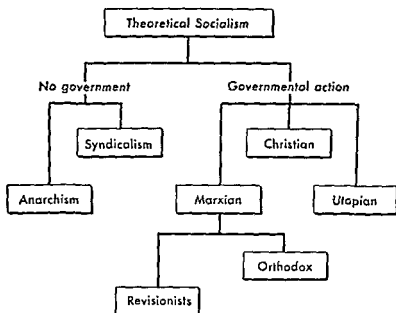


Figure 14

In *Das Kapital*, Karl Marx presented an elaborate explanation of what he considered to be the evils of a capitalistic society and of the need for the proletariat to gain control of society. Marx claimed that the chief problems in society arise from economic conditions. Contending that a class struggle had always existed in the societies of the world, he called upon the workers to become class conscious and to unite for a world revolution aimed at destroying bourgeois capitalism and at bringing about a classless society. In order to better their condition in society, Marx contended that the workers would have to take over the means of production and dis-

tribution—by peaceful methods if possible, by force if necessary.

As long as Marx lived, his followers remained united in supporting his program. Not long after his death in 1883, however, a division appeared in their ranks. One group, called the orthodox Marxists, continued to follow closely Karl Marx's teaching. The other group, called revisionists, disagreed with the Marxists about the methods to be used in attaining the objectives of socialism. Both groups continued to work for the overthrow of capitalism and for governmental ownership and control of the factors of production. The revisionists, however, advocated co-operation with existing governments to bring about social and economic reforms. They hoped to gain their objectives by gradual, peaceful methods, through regularly established governmental processes.

The Utopian socialists were inspired by the suggestions presented in a book, *Utopia* (1516), by Sir Thomas More, an Englishman. This group believed that society should be co-operative rather than competitive and should be concerned with the utilization of natural resources rather than with the exploitation of human resources.

Christian socialism drew its support from some church groups, such as the Quakers, Methodists, Unitarians, and Anglicans. The leaders of Christian socialism tried to show that the economic doctrines of Christ's Sermon on the Mount were primarily socialistic in meaning. They advocated the application of Christian precepts to everyday living, particularly to relations between employer and employee.

The other general school of socialist thought, which believed that no government was desirable in society, was decidedly different from the Marxian, Utopian, and Christian socialists. The two main groups of this school of thought were the anarchists and the syndicalists.

The anarchists contended that the freedom of men consisted in their obeying the laws of nature and not laws imposed by authority—that is, authority of state, church, or any other social agency. According to anarchism, this freedom would result in a classless society, in which, by working co-operatively, men would share equally the productivity of their labor. Anarchism did little to improve the welfare of the worker, because violence and force were often used in attempting to gain its ends.

The syndicalists also condemned the use of authority to improve the laborer's status in society. They were impatient at the slow process of legislation and advocated the use of "direct action"—

gaining control of labor organizations and uniting all workers in every industrial society. The general strike and sabotage were advocated as the chief means to overthrow capitalism. The ultimate goal of the syndicalists was a completely new social and economic order, which would be realized when the union of all workers had been accomplished.

By way of summary, the socialist doctrine in general maintains that (1) capitalism is wasteful and chaotic—lack of planning results in depression and financial panics; (2) natural resources and means of production should be owned publicly and used for the good of all people and not for private profit; (3) the rewards of production should be distributed equally; (4) conditions of capitalism cause the discontent of the workers, resulting in class struggle, since workers are in subjection to the middle class; and (5) true democracy is possible only when the people as a whole own the means of production and receive the "just rewards" of their labor.

AVERTING A GENERAL CLASS STRUGGLE From the above description of the various schools of proletarian thought, one may observe readily that socialism called for more than a mere transfer of ownership of property. A complete change in the social as well as the economic structure of society was demanded. The situation was fraught with danger, because economic liberalism and socialism appeared to be irreconcilable. Group consciousness among the proletariat grew, and workers increasingly believed that their interests were in direct opposition to those of the *bourgeoisie*. In the course of the nineteenth century, industrial strife broke out in France, Italy, the United States, and other countries. These instances of violence were objective lessons to even the middle class of how serious the situation might become.

The result was that some of the leaders of the middle class joined in a strong movement to remedy some evils of industrialization. The latter part of the nineteenth and early part of the twentieth centuries witnessed economic and social reform legislation in several countries. By such reform legislation, a general class struggle was averted, and labor was given recognition in a capitalistic society.

SUMMARY

Modern business emerged as a result of the complex forces set in motion by the fundamental economic changes described in this

chapter. With the establishment of modern business came the economic organization familiar today. Modern business cannot be understood as a mere substitution of machine production for human muscle and handicraft, or the factory for the artisan's cottage as the unit of production, and of modern agriculture for the medieval methods of the manorial system. Modern business signifies, in addition, the abandonment of many traditional attitudes, practices, and theories, and the substitution of others. It also signifies the emergence of an altogether different set of social relationships. Society has tended to change from the simple to the complex, and this general phenomenon is evident in the evolution of modern business.

Throughout our consideration of economic changes, the relationship of the state to business activity has been noted. During the time of the Commercial Revolution, the state projected its authority over virtually every phase of the lives of the people by regulating in detail their business, as well as their social and political activities. Under the mercantilistic policy, this high degree of regulation was replaced by a completely antithetical system—that of *laissez faire*, under which governmental regulation was reduced to a minimum. Laissez-faire policies—the product of bourgeois thinking and desires—were not altogether beneficial to all groups in society. The passage of economic and social legislation signaled the re-entry of the state into the economic and social affairs of society.

QUESTIONS

1. Describe the physical and social structure of the medieval manor.
2. What conditions and circumstances were important in the growth of towns and cities?
3. Describe the merchant and craft guilds. What weaknesses appeared in the guild system that later led to its decline?
4. What were the chief features of the Commercial Revolution? The two general results?
5. Describe the fundamental changes in agriculture which came with the Agricultural Revolution.
6. Explain why the Industrial Revolution occurred when it did.
7. What were the main features of the Industrial Revolution?
8. Contrast the doctrines of economic liberalism and socialism.

DISCUSSION

1. "The Commercial Revolution indicated decay of medieval society and emergence of new forms of social organization." Analyze this statement.

2. How does mercantilism differ from *laissez faire*? Is modern industry carried on in a manner characteristic of mercantilism? Of *laissez faire*?
3. Differentiate between the manorial, handicraft, domestic or putting-out, and factory systems of production.
4. What is the relation of capitalism to bourgeois economic individualism?
5. Why did the Industrial Revolution result in social disorganization?
6. Why can it be said that the institutions of business are pervasive in their influence on modern society? Give examples.

TERMS

Artisan: A person trained to manual skill in some industrial or mechanical art or trade.

Bill of exchange: A written order signed by one party and addressed to a second party, directing the latter to pay a specified sum of money to a third party.

Capitalism: An economic process in which decisions are made by private owners of productive wealth.

Competitive system: An economic system in which businessmen are allowed to conduct their activities independently in an attempt to obtain customers by offering the most favorable terms.

Double-entry bookkeeping: A method of bookkeeping which records every transaction in two parts, debit and credit; the debit entry or entries always equal the credit entry or entries.

General strike: A widespread and concerted strike by workmen of all or many labor unions within an area or nation or all branches of an industry.

Instrument of credit: A written statement or document, other than *paper money*, which is evidence of a debt. Examples are checks, bills of exchange, bonds, and promissory notes.

Promissory note: A written promise to pay a sum of money at a certain time to a person, group, or organization.

Sabotage: Malicious waste or destruction of an employer's property by workmen; the obstruction in all possible ways of the regular process of production.

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15 ORGANIZATION OF MODERN BUSINESS

In the preceding chapter, we considered the beginnings of business as an institution in society, particularly as it evolved from the Commercial Revolution and the Industrial Revolution. The present chapter continues the examination of business, with stress placed upon its organization and functioning in the modern world, particularly within the United States.

A business organization is an enterprise engaged in the production of goods and services for sale in the market. The principal objective of business enterprise is profit. Other motives—patriotism, desire for status, concern for the general welfare and progress of society, and the like—are more or less important, depending upon the individual businessman, but they always occur in connection with, and are usually inseparable from, the primary objective—profit.

The three basic forms of business organizations are the individual proprietorship, the partnership, and the corporation. Nearly every person in the United States has some relationship, directly or indirectly, with one or another of these types of business organizations. The individual is influenced by them, and society as a whole is concerned about the nature of that influence. In the first part of this chapter, a description of the three basic forms of business enterprise is presented in a hypothetical case of an enterprising young businessman. In the second part, business combinations that are manifestations of the large-scale business enterprises of today are described.

THE INDIVIDUAL PROPRIETORSHIP

As a lad, Tom Jones was interested in electricity, and when he entered college, he studied electrical engineering. Tom had been

OVER-ALL VIEW OF THE ORGANIZATION OF MODERN BUSINESS

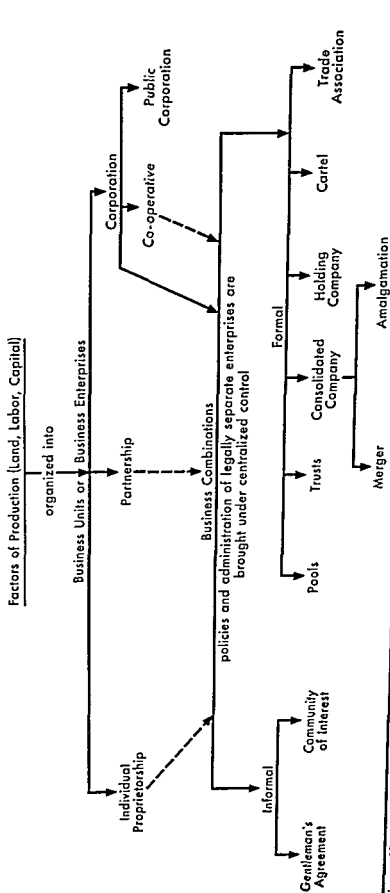


Figure 15. This diagram shows the various kinds of business enterprises and combinations. Broken lines from *Individual Proprietorship*, *Partnership*, and *Co-operative* indicate that these forms of business enterprises sometimes organize into business combinations, but it is not the usual practice. Corporations more often form the basis for business combinations

graduated only a few years when he was called to military service in World War II. His service rank as a commissioned officer had enabled him to save some money, and when he was mustered out of the service he faced the question of what to do as a civilian. The savings from his army pay, together with previous accumulations, were sufficient for him to think seriously of starting a business of his own. Having decided that he would start a business for the manufacture of a particular kind of electric fan, which he had designed and patented before his army service, Tom had to decide what form of business would be suitable for his purpose. The basic points of consideration in making a decision of this type are: (1) The extent of control over the business; (2) The amount of risk involved; (3) The amount of capital needed; (4) The ease and cost of organizing; (5) The continued stability of the business; (6) The liability for taxes; (7) The element of public inspection or privacy of the internal affairs of the business.

Tom decided that he would try the business on his own—in other words, that he would set up an individual proprietorship for the manufacture of electric fans.

Tom did not have to obtain legal permission to start his business as an individual proprietorship. He rented a suitable building, purchased the necessary machinery and tools, and hired men to work for him. When he started to purchase the machinery and material, he found that he was not well trained for making these purchases. His previous experience had taught him a great deal about plant operations and engineering designs but little about sources of supplies or prices. He was even more handicapped in marketing his fans, for he had learned almost nothing about selling. After many mistakes, however, he had a fair and steadily growing volume of business.

Advantages and Disadvantages of an Individual Proprietorship

At the end of the first year of his business venture, Tom looked back over his experiences and realized that the individual proprietorship form of business organization has several advantages. He had complete control over the enterprise and received all the profits—an incentive for improved management and for greater efficiency in plant operation. Furthermore, since no charter or contract had been necessary to begin operations, he had not been troubled by legal restrictions or delays in organization.

On the other hand, Tom realized, individual proprietorship has

some disadvantages. In the first place, he had not been able to employ individuals who were as interested in promoting the success of the business as he was. Therefore, the entire responsibility for the business rested upon him; he had had to make decisions regarding all phases of the business. Furthermore, the amount of risk was great. He not only had put all of his savings into the business but also had invested his profits in improvements and expansion. If the business should fail, he would lose all that had been invested and would be liable (responsible) for all debts of the business. Such liability extends even to the personal property of the proprietor—that is, in an individual proprietorship there is full or unlimited liability. Tom also realized that if he should become incapacitated in any way the business would suffer, and he might be forced into bankruptcy. Thus he recognized that in an individual proprietorship the stability of the business depends upon one person.

Tom found that the greatest disadvantage of the individual proprietorship was that his working capital was limited—he had only his own resources to fall back upon. His business had expanded, but at the same time the need for funds was greater than before. He was not paid in advance for his sales, but he had to pay his workers and suppliers for their services and materials. Tom knew that in order to obtain additional working capital he would have to borrow money. But when he attempted to borrow at the bank, the banker questioned the soundness of his security—his business. The banker told him that even if the loan were granted, the rate of interest would be so high that it would be impractical for Tom to borrow. *Because small business ventures have a high mortality rate, the lenders of money consider them too great a risk for loans unless other security is given.*

Tom considered both the advantages and disadvantages of his individual proprietorship in the light of his experience and decided finally that it would be better for him to take in a partner, who would do the buying and selling, while he could give most of his own attention to managing production in the shop.

THE PARTNERSHIP

Characteristics

Before making a definite decision, Tom investigated the partnership form of business enterprise. He found that it was used in many small retail and wholesale establishments, restaurants, specialty

stores, service industries, certain lines of manufacturing, and the professions. Tom learned also that any two or more persons can establish a partnership. The partners are co-owners of the business enterprise, and each partner is liable for all debts of the business. Furthermore, the partnership is dissolved when a partner withdraws or a new partner is taken in.

Tom decided to contact a former college roommate, John Smith, to see if he were interested in forming a partnership. John was willing, and a written contract—articles of partnership—specifying the terms of partnership was drawn up for them by a lawyer. Smith contributed \$15,000 and was given a half-ownership in the business. The articles of partnership also stated the salaries of the partners and provided for a division of profits between them. The lawyer explained to Jones and Smith that, according to law, each partner becomes the agent of the other. For example, if either partner makes an agreement concerning partnership business, both partners are bound by the agreement. He also explained that each partner may be held liable not only for the amount that he has put into the business but also for all the indebtedness of the business, and that such liability extends even to his personal property. Thus, in a partnership each partner has full or unlimited liability.

Advantages of a Partnership

As the firm of Jones and Smith grew, the partners realized that the partnership form of business organization has several advantages. First, it is relatively easy and inexpensive to organize. All that is necessary is the drawing up of the agreement between the partners and the payment of the lawyer's fee and the usual license fee required for the particular kind of enterprise. Second, management can be specialized. In their case, Smith handled buying, selling, public relations, and the office activities, while Jones concentrated on the production end of the enterprise. Third, more capital is available. Smith had contributed \$15,000 in cash, and the increased profits were put back into the business. Fourth, the credit position is strengthened. Since all partners are liable for the debts of the partnership, their entire property, personal as well as business, is security for its obligations. Banks were more willing to lend money than they had been when Jones bore the entire risk of the business.

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Characteristics

Before making a definite decision, Tom investigated the partnership form of business enterprise. He found that it was used in many small retail and wholesale establishments, restaurants, specialty

stores, service industries, certain lines of manufacturing, and the professions. Tom learned also that any two or more persons can establish a partnership. The partners are co-owners of the business enterprise, and each partner is liable for all debts of the business. Furthermore, the partnership is dissolved when a partner withdraws or a new partner is taken in.

Tom decided to contact a former college roommate, John Smith, to see if he were interested in forming a partnership. John was willing, and a written contract—articles of partnership—specifying the terms of partnership was drawn up for them by a lawyer. Smith contributed \$15,000 and was given a half-ownership in the business. The articles of partnership also stated the salaries of the partners and provided for a division of profits between them. The lawyer explained to Jones and Smith that, according to law, each partner becomes the agent of the other. For example, if either partner makes an agreement concerning partnership business, both partners are bound by the agreement. He also explained that each partner may be held liable not only for the amount that he has put into the business but also for all the indebtedness of the business, and that such liability extends even to his personal property. Thus, in a partnership each partner has full or unlimited liability.

Advantages of a Partnership

As the firm of Jones and Smith grew, the partners realized that the partnership form of business organization has several advantages. First, it is relatively easy and inexpensive to organize. All that is necessary is the drawing up of the agreement between the partners and the payment of the lawyer's fee and the usual license fee required for the particular kind of enterprise. Second, management can be specialized. In their case, Smith handled buying, selling, public relations, and the office activities, while Jones concentrated on the production end of the enterprise. Third, more capital is available. Smith had contributed \$15,000 in cash, and the increased profits were put back into the business. Fourth, the credit position is strengthened. Since all partners are liable for the debts of the partnership, their entire property, personal as well as business, is security for its obligations. Banks were more willing to lend money than they had been when Jones bore the entire risk of the business.

Disadvantages of a Partnership

Production and sales orders were increasing constantly, but the partners needed more working capital as their business grew. The \$15,000 capital that Smith had invested was used to buy raw materials and office supplies and to pay off some of the debts of the business. The partners had an opportunity to buy a factory building that would provide adequate space for their expanding enterprise and eliminate the payment of high rent. They were able to make a down payment, and the additional cost of the property was advanced by a finance company that held a mortgage on the property. The acquisition of this property provided adequate plant facilities, but meeting regular payments on the principal and interest of the mortgage was a drain upon the profits of the firm.

One possibility of getting more working capital was to admit new partners. When this means was considered, the disadvantages of the partnership form of business organization became more apparent to Jones and Smith. Profits would have to be shared with the other partners. Therefore, if the volume of business did not increase, the share of profits of each would decrease. They also would run the risk of choosing dishonest or incompetent partners. Regardless of the character of additional partners, management would have to be shared with them, thereby limiting each partner's control of the business. If the partners could not agree upon policies, difficulties might be intensified by the lack of centralized authority. Having additional partners also would increase the difficulty of keeping business affairs of the firm private. Furthermore, since withdrawal from a partnership is troublesome, individuals do not always like to invest in such an enterprise. If one of the partners wishes to withdraw, he must find a purchaser who is acceptable to the other partners. Thus, Jones and Smith were not certain that they could find individuals who would be willing to enter the partnership. They knew also that the partnership could be dissolved whenever any partner might find the existing arrangement unsatisfactory. Therefore, a partnership, like the individual proprietorship, has a degree of instability.

Moreover, Jones and Smith realized that by increasing the number of partners, the risk of each partner would be increased. For example, one partner might make an agreement that would bring financial hardship upon the others, since each partner is liable to the full extent of his personal fortune for all debts of the partnership.

The two owners were reluctant to place their personal fortunes in jeopardy by enlarging their partnership into a complex organization, over which they could exercise only limited control. Having considered the pros and cons of admitting new partners, Jones and Smith decided against such action. Since they knew of no other way to increase their capital, they asked advice of their lawyer, who suggested that they change their business from a partnership to a corporation.

THE CORPORATION

Though Tom and John knew little about the nature of a corporation and the procedure of incorporating, they were interested in the lawyer's suggestion. Therefore, he explained to them the main features of the corporate form of business organization.

Characteristics

The two men were told that any group of persons may organize a corporation if they observe certain legal conditions. A charter must be obtained from the State in which the company incorporates. The charter gives the name of the corporation, the purpose for which it is formed, the location of the main office, and the amount of money invested and how it is obtained. The type of management and the duration of the corporation are also usually indicated.

The corporation, when formed, is treated by law as an individual or entity, having rights and liabilities distinct from those of the persons composing it. In a decision of the Supreme Court of the United States in 1819, Chief Justice John Marshall ruled that the corporation is "an artificial being, invisible, intangible, and existing only in contemplation of the law." The Chief Justice said in substance that the corporation is a "legal fiction" in that, though it is not a person, it is treated by the law much as if it were. Being a legal person entitles the corporation to own property, sue and be sued for damages, incur debts, borrow money, buy and sell goods and services, and enjoy almost all the rights and assume almost any obligations of natural persons. The corporation, however, does not have the right to vote and hold public office, and it cannot be sent to jail. The charter of a corporation is essentially a contract between the State and the natural persons who establish the corporation. The natural persons own the corporation, determine its policies, and carry out these policies, but they do not own the property of

the corporation. Its property is owned by the legal person—the corporation.

Although the corporation usually is thought of as being used in business for the purpose of gaining profit, it is also a common device for organizing many kinds of activity. The corporation is found in some governmental organizations and in many educational, professional, social, and religious organizations not conducted for profit.

Incorporating Procedure

Tom Jones and John Smith decided to transform their partnership into a corporation and directed their lawyer to take charge of the matter for them. After the charter was received from the State, shares in the new corporation were offered for sale. It was decided that 24,000 shares of common stock would be issued—12,000 of which would be held by Jones and Smith. The remaining 12,000 were sold to the public at a stated value of \$10.00 per share.

Unlike the situation existing in a partnership, Tom and John did not have to be concerned about the people who purchased the shares or be bothered if those who originally bought the stock decided to sell it to other people. The names of the stockholders were registered with the company, so that return on their investment could be sent to them and a record would be available if the shares of stock were lost. The names of the owners were needed, also, so that the corporation could send them annual reports of the corporation's affairs and notices of stockholders' meetings, which are required by law.

Financing the Corporation

With the addition of new products, promotional advertising, and greater efficiency, the Jones-Smith corporation continued to grow. The need for additional working capital from time to time was less troublesome to Jones and Smith, however, since the corporate form of business organization offered new forms of financing. In the main, corporations obtain money for expansion of business in two ways—by borrowing and by selling shares in the corporation. The lenders of money to a corporation receive certificates of indebtedness stipulating the amount of money the corporation has borrowed and the rate of interest to be paid. The holder is a creditor, not an owner. The buyer of a share in a corporation receives a share of stock which stipulates the monetary value of his ownership and which yields income in the form of dividends.

BORROWING—CERTIFICATES OF INDEBTEDNESS A corporation may borrow on notes and drafts for short periods of time—for example, for thirty, sixty, or ninety days. Notes are promises to pay; drafts are credit instruments drawn by the lender and ordering the borrowing firm to pay its loan at a specified time. Notes and drafts are used to carry the business over a short period of time when its financial obligations exceed the available cash.

Long-term investments of a corporation, such as the purchase of new machinery and the construction of buildings, may be financed by the issuance of bonds. Ordinarily, bonds are issued to mature in from three to ten years or even longer and have a fixed rate of interest. The assets of the corporation, such as its physical equipment, the bonds of other companies which it holds, or real estate, are the security for the bonds. The claim of bondholders on the assets of a business have legal priority over the claims of the owners—the stockholders. Corporation bonds are considered a relatively safe investment. Because there is less risk, however, the financial return on bonds usually is lower than that on stocks. The rate of interest ordinarily depends upon the security of the bond, the time it has to run, and the business prospects of the issuing corporation.

THE SELLING OF OWNERSHIP SHARES—STOCKS The holder of common stock provides ownership capital. He shares in profits and in the control of business policy, but he receives no return on his investment if the business makes no profit. His investment entails greater risk than that of the bondholder because he receives no dividends until the fixed charges owing the bondholders are paid. If the earnings of the corporation are high, the holder of common stock receives more income than a bondholder. Most common stock carries voting rights, but in some instances nonvoting common stock is issued. These stocks are similar to voting common stock except that the holder, not having the privilege of casting a vote in the stockholders' meeting, has no voice in the determination of business policy.

A corporation also may issue preferred stock—that is, stock that is given some preference either as to dividends, as to assets when the company is dissolved, or as to both. Preferred stocks are in an intermediate position between bonds and common stocks. As with bonds, the earnings of the holder are limited to a stipulated per cent per share—for example, 5 per cent of the face value. No mat-

ter how profitable the business is in any year, the holder does not receive more than the fixed per-cent return. He is more sure of his dividend than is the holder of common stock, because his legal claim stands next in line to that of the bondholder. In case of dissolution of the company, the holder of preferred stock receives a share in the proceeds of the corporation after bondholders and before holders of common stock.

Organization and Control of the Corporation

GENERAL ORGANIZATIONAL STRUCTURE In the organization of their corporation, Tom Jones and John Smith took steps to set up the

TYPICAL ORGANIZATION OF A CORPORATE BUSINESS

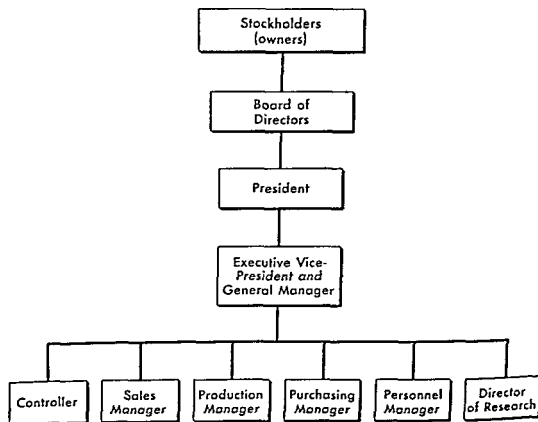


Figure 16

ownership and control features typical of most business corporations. This organization is presented in Figure 16.

The common stockholders, as owners, theoretically control corporation policies. As a rule, however, they merely vote for the mem-

bers of the board of directors, who represent the stockholders and actually make the policies. In some instances, the charter of the corporation may give the stockholders the right to vote directly on certain policies, such as changes in the corporation's charter or by-laws, increases in authorized stocks, or a new issuance of bonds and preferred stock. Some corporations give holders of preferred stock the voting privilege. Though, as mentioned above, nonvoting common stock sometimes is issued, in practically all corporations every share of common stock entitles the owner to cast one vote, so that a stockholder has as many votes as he has shares of voting stock. Ordinarily, stockholders' meetings are held once a year, although special meetings are sometimes held. The quorum for such meetings is generally provided for in the bylaws, and decisions usually are made by a majority of the stock represented at the meeting, rather than the majority of the stock issued. Actually, the majority of stockholders seldom exercise control over the corporation, since they do not attend the annual meetings. Therefore, a small group, usually consisting solely of the management, is able to maintain control without owning anything like a majority of the voting stock.

The board of directors is responsible for the determination and the implementation of policies. The directors, however, seldom themselves take part in putting policies into effect but hire managers to carry on the business. The usual practice is for a general manager to supervise the managers of various departments, which are organized to carry out particular aspects of the total business of the corporation. Co-ordination is achieved through the departmental managers, who are responsible to the general manager.

SEPARATION OF OWNERSHIP AND MANAGEMENT From the point of view of the national economy, the organizational structure of a corporation appears to have social benefits. Persons having capital but little managerial ability can get together with persons having managerial ability but little capital. Society benefits from the resulting increase in efficiency of production. But this sort of structural organization has its disadvantages for society. In many corporations, the benefits to society are reduced because of separation of ownership and management. This condition reaches its extreme in the largest corporations. Of two hundred of the largest corporations in the United States, the managers own little or none of the stock in almost one-half of them, so that ownership and management are separated almost completely. Several circumstances re-

lated to corporate structure account for the owners' (stockholders') losing control of their property.

First, the owners of preferred stock, having ordinarily no voting rights, cannot influence the management of the business. Second, many of the holders of voting stock have only a few shares, and so do not care to leave their own business or occupation to attend an annual stockholders' meeting, which may be held hundreds of miles away. Third, although the shareholder may have thousands of dollars' worth of voting stock, his portion of all stock issued may still be small. For example, the American Telephone and Telegraph Company had 659,000 stockholders recorded on its books at the end of 1935. Forty-three stockholders had 10,000 or more shares each, yet together they possessed only 5.3 per cent of the total stock of the company.¹ Nearly all of the small stockholders and most of the larger ones do not bother to vote for the same reason that many citizens do not vote in political elections—they think their vote has little influence on the outcome.

Fourth, the significant policies of a corporation seldom are presented to the stockholders for a vote. Probably presenting these policies could have little point, since the stockholders lack knowledge of the corporation's problems. Therefore, when significant policies must be made, the officers send out proxies (authorizations permitting someone else to vote for the stockholder) to the stockholders. Many stockholders forget to return the proxies or throw them away; nevertheless, usually enough are returned to give the officers sufficient votes to make the decisions they desire. Fifth, the chief interest of the stockholder is his dividend check. As long as he obtains a reasonable financial return on his investment, he shows little interest in the management of the business. If the return is not up to expectations, the stockholder may sell his shares, but seldom does he investigate the managerial situation. In other words, the stockholder does not take his rights of ownership seriously.

Advantages of the Corporate Form

The corporate form of business organization has some advantages that other types do not have. First, large sums of capital may be obtained, because certain features of the corporation make investment in it of wide appeal to both large and small investors. Second, the stockholders enjoy limited liability. Once their shares of stock

¹ National Resources Committee, *Structure of the American Economy* (Washington, D.C.: Government Printing Office, 1939), Part I, p. 156.

have been fully paid for, they have no further responsibility for the debts of the corporation. Third, managerial functions are delegated to experts. Stockholders need not be skilled in business management. Fourth, shares of stock are easily transferable. A shareholder may sell his share in a corporation at any time and to whomever he pleases. Fifth, the corporation is a stable form of business enterprise. Death or retirement of a shareholder and sale of stock by a shareholder do not affect the life of the corporation. The corporation charter provides for its length of life, which is usually for a long period of time, and often for perpetuity. Sixth, shareholders have no power to act as agents for the corporation. They cannot bind the business enterprise to any agreement or obligate it financially. With wide diffusion of stock ownership, this condition becomes a necessity.

Disadvantages of the Corporate Form

The corporate form of business organization has disadvantages as well as advantages. First, the individual owner (stockholder) has little control over the business. If he does not like the way things are being managed, about the only recourse he has is to sell his stock. Second, legal formalities must be observed in organizing and conducting the business. The government supervises and exercises control over the corporation, which exists by permission of the State. Third, the costs of organizing a corporation are higher than those of organizing an individual proprietorship or partnership. In addition to fees paid for legal advice in drawing up an application for the charter, an organizational and filing fee, based either on a certain percentage of the authorized capital or on a fixed amount per share of stock, must be paid to the State granting the charter. Fourth, taxes are higher for the corporation than for other types of business organization. All States levy some type of annual tax on corporations, and in some States a tax is levied on the transfer of shares. The national government and many of the States tax corporate incomes, whereas in the proprietorship and partnership, no income tax is levied on the business itself. In 1954, the corporate income tax levied by the national government amounted to about 52 per cent of the net income. These corporate taxes are in addition to the personal income taxes that must be paid on all dividends (except, in the case of the national income tax, the first \$50.00) received by the share owners. The national government also has levied a tax on profits of a corporation if they exceed a certain amount.

The Corporation and the Social Point of View

For the most part, the interests of corporations and of society are not in conflict. For example, the corporation helps in the production of goods and services to satisfy human wants. Sometimes, however, the methods of business and the interest of society conflict.

The charters of some corporations today contain provisions that allow the officers and managers to use questionable financial devices. The use of these devices by some corporations has made it possible for a few persons to obtain large profits at the expense of the stockholders and the public, thereby contributing to inequality of wealth in society. The social justification of some salaries paid by large corporations has been questioned. A study of salaries and bonuses of more than two hundred top executives in the period immediately preceding World War II showed a median salary paid by industrial corporations of \$79,200 and by public utility corporations of \$48,600. Almost 20 per cent of the executives received more than \$112,500, while 44 per cent received more than \$87,200.² Large corporate salaries may be merited and may be necessary rewards for ability greater than the average. On the other hand, corporation managers probably could be hired for less, thereby reducing the inequitable distribution of wealth. The increased net earnings of the business could then be distributed to the stockholders in the form of dividends or be put back into the business for increasing productive capacity.

The ease with which bonds and stocks of corporations may be transferred is considered a distinct advantage from the point of view of business. It also may be beneficial to the members of society, since they are able to invest their savings to the advantage of themselves and society. As a result of the ease of transferability of securities, the holders of securities have come to look upon their investments as liquid (*easily converted into cash*), but the securities are liquid only to the extent that they can be sold to others. No difficulty is experienced in ordinary times. But when many security holders want to sell at the same time, the stock market is overwhelmed with selling orders and security prices drop. Stock market breaks affect adversely the security holder, the banks, and business generally. Economic depression, with its attendant social costs, results in part from the transferability of shares of stocks and bonds.

² R. A. Gordon, *Business Leadership in the Large Corporation* (Washington, D.C.: Brookings Institution, 1945), p. 275

The corporate system without doubt has contributed much good to society. But since it can be harmful in some cases, government has adopted a policy of regulation that is designed to permit the corporation to function as effectively as possible but at the same time to prevent or lessen its abuses. Regulation of corporation activity was formerly a responsibility of the States, but during the last fifty years, the extension of corporation business beyond State lines has made it impossible for States to exercise control over many corporations. Therefore, under the congressional power to regulate commerce among the States, there has come increased national control of the corporate form of business.

BUSINESS COMBINATIONS

For the most part in this chapter, the fortunes of the Jones-Smith enterprise have been carried far toward business success. The business has prospered, but the chances are slight that it will ever enter the sphere of large corporate enterprises. The remainder of the chapter is concerned with the various types of business combinations that have been developed by business enterprises, usually corporations, to conduct business operations more advantageously to themselves. Such business combinations may be classified as either informal or formal combinations.

The informal combinations are the gentlemen's agreement and the community-of-interest group. The legal status of the gentlemen's agreement is somewhat questionable, since it is illegal if formed to restrain trade. The types of a community-of-interest group are subject to the provisions of the antitrust laws, and if such a group promotes monopoly or restrains competition, it may be declared illegal by the government.

The formal combinations are the pool, the trust, the holding company, the consolidated company, the cartel, and the trade association. The trust is illegal at present and is no longer used as a form of business combination. A cartel agreement is illegal in the United States, but some companies have entered into secret cartel agreements. The other forms of formal combinations are not in themselves illegal, but if their activities tend to promote monopoly or restrain competition, they are subject to the penalties provided by the antitrust laws.

Informal Combinations

THE GENTLEMEN'S AGREEMENT The gentlemen's agreement is a loose organization of dealers or producers in an industry for the purpose of formulating some phases of business policy—for example, agreements regarding division of markets or establishment of prices. A formal contract is not made, the combination being based upon an oral or implied agreement that is often secret. Each business continues to control its own affairs, but the parties forming the combination are placed upon their honor to carry out the policies agreed upon. The looseness and informality of the gentlemen's agreement are its greatest weaknesses, because any party may withdraw when he wishes. This method of combination was used extensively for about twenty years after the Civil War and is used to some extent today.

An example of the gentlemen's agreement was the so-called "Gary dinners," which occurred first in 1897. These dinners were attended by representatives from 90 to 95 per cent of the entire steel industry. The purpose of the meetings was to maintain the stability of the steel business and to prevent wide and sudden fluctuation of prices. Elaborate schemes were developed for controlling prices and for determining production policies. The dinners were abandoned temporarily when a number of independent companies withdrew from the plan, but were later resumed and lasted until 1911, when they were discontinued after a congressional investigation.

THE COMMUNITY-OF-INTEREST GROUP A community-of-interest group is one in which the same persons own sufficient stock in two or more companies so that common interests among the companies are promoted. Acting through the boards of directors, these stockholders co-operate to reduce competition and to determine policies which will be mutually beneficial to them. The most common type of this form of informal business combination is the interlocking directorate, in which the same persons serve as members of boards of directors of two or more corporations in the same industry or in different industries. In some instances, the community-of-interest group may be under the control of a group of bankers. For example, the Morgan banks interlock with public utility, industrial, and railroad corporations. In other cases, corporations are controlled by a family community of interest. The Du Pont family, which controls the E. I. Du Pont de Nemours and Company, interlocks with other

industrial corporations, such as General Motors Corporation and the United States Rubber Company.

The interlocking directorate is now illegal if it is used to attain monopoly through combination of competing business enterprises. A community-of-interest group cannot always be detected, because the persons who are involved remain in the background in their own corporations and elect directors to carry out their policies, so that outwardly the corporations so controlled seem independent.

Formal Combinations

THE POOL The pool is a formal, contractual agreement between two or more companies in which the companies agree to carry out certain definite policies. Usually penalties are provided if the agreement is violated. This form of business combination arose when the gentlemen's agreement did not work to the satisfaction of the participants. Today both national and State laws prohibit pooling arrangements that curtail competition. Means have been used by some businesses, however, to evade the letter of the law. In such fields as export trading and railroading, pool contracts have been allowed by national legislation when they are supervised by a regulatory agency. During the years following the Civil War, the pool was a favored form of combination, but it gave way to other forms that were more effective. Since 1920, however, pools have returned to favor as businesses discovered means of operating without running afoul of the laws against monopolistic practices.

Pooling arrangements are many and varied since they are made to meet particular situations. Some pools are designed to carry out one policy, such as a territorial division of the market or a limitation of output for each member of the pool, but other pools have several features. The kinds of pools in general usage are (1) price-fixing agreements; (2) price-fixing and profit-sharing pools; (3) pool agreements to curtail production; (4) pools providing for the allotment of business among producers; (5) pools dividing markets according to customers, products, or territories; (6) pools establishing a joint sales agency through which all members of the pool sell; and (7) patent pools, in which patent rights are exchanged among members of the pool.

The main disadvantage of the pool today is its uncertain legal position. If the pool results in monopolistic practices, the members may be subject to penalties provided by law. Furthermore, contracts made among the members of the pool are unenforceable by law.

THE TRUST The trust, or trustee device, is an arrangement by which the stockholders of the participating companies sign over their stock to certain individuals selected as trustees. The stockholders receive dividends and obtain the property held by the trustees when the trust is dissolved. The trustees are in control of the participating companies and make common policies, which are followed by all participating companies.

The Standard Oil Trust was the first to be organized (1879), and during the following years a number of other industries adopted this form of combination. The national government brought suit against the Standard Oil and other trusts under the Sherman Antitrust Act, which was enacted in 1890. The lawsuits against the trusts were based not only on the grounds that competition was reduced but also that corporations could not lawfully give up their independence of action, for which they were chartered by the State. As a result of these lawsuits, the trust form of business organization was abandoned after 1892 and is now illegal. The trust was the forerunner of the present-day holding company.

THE HOLDING COMPANY The holding company is a form of business combination, usually a corporation, organized for the purpose of controlling the policies of one or more other corporations by owning their stock. Control is often obtained by owning a majority of the stock, but it may be obtained by owning a minority of the shares. Actually, one of the characteristics of the holding-company device is that concentration of control may be attained with relatively little investment. A holding company obtains its capital by the same means as any corporation—by issuing bonds, preferred stock, and common stock.

Because common stock represents ownership and control in a corporation, a holding company may be owned and controlled by relatively few holders of common stock. For example, a holding company with a capitalization of \$4 million may issue bonds and preferred stock amounting to \$3 million and common stock in the amount of \$1 million. With the \$4 million, the holding company may purchase controlling interest in four operating companies each having a capitalization of \$8 million, of which only \$2 million is common stock. By purchasing one-half of the common stock in each of the four operating companies, the holding company then may control assets amounting to \$32 million. This situation is shown in the accompanying diagram.

Holding Company X owns one-half of the common stock in Companies A, B, C, and D, insuring Company X's control of these operating companies. In reality, Company X could control these companies with much less stock if the remaining stockholders of Companies A, B, C, and D were unorganized and each held only a small quantity of stock. Furthermore, Company X can be controlled by one-half of its common stock. Company Y, another holding company, may be organized and buy \$500,000 worth of Company X's

POSSIBLE ORGANIZATION OF A HOLDING COMPANY

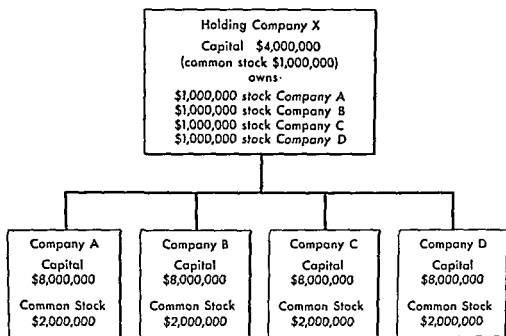


Figure 17. This diagram shows the organizational control of a holding company over operating companies in one step of "pyramiding"

common stock, giving Company Y controlling interest in Company X and also the four operating companies, because their stock is controlled by Company X. Therefore, with an investment of \$500,000, Company Y controls assets amounting to \$36 million. Another holding company, Company Z, may be superimposed on Company Y, another on Company Z, and so on. This process of controlling increasing amounts of assets by decreasing amounts of investment is called "pyramiding." In this way, large amounts of assets may be controlled by a small investment and a few investors. This form of

business combination has occurred quite often. For example, in the Associated Gas and Electric system there were, at one time, twelve companies in line from the top holding company to the lowest operating company. At one time the Henry L. Doherty utility system controlled \$1 billion in assets by strategically buying \$1 million worth of stock in certain utility companies.

Although the holding-company device has been used in the railway and industrial areas, it has been utilized most extensively in public utilities. The abuses of some holding companies in managing public utilities led to the passage of the national Public Utility Holding Company Act of 1935. This Act requires the public-utility holding companies to register with the Securities and Exchange Commission and to furnish in the registration statement required information—for example, the names and addresses of all persons owning any kind of stock and the amount held by each, the capitalization of the holding company, and the purposes for which the funds from the sale of securities are to be used. The Act provides further that, with some exceptions, a public-utility holding company cannot control more than one integrated system and cannot build up a pyramiding of companies beyond three steps. The result has been that public-utility holding companies have simplified their systems to conform to the law.

THE CONSOLIDATED COMPANY The consolidated company is formed when two or more independent business units combine into a single corporation. The assets and properties of the consolidating companies are owned by the consolidated company, but their shares of stock continue to be held by the stockholders. Since the consolidating companies no longer exist, their charters are surrendered to the State that granted them. Consolidation takes place either by *merger* or by *amalgamation*. A merger is formed when an existing company takes over the assets of another without forming a new corporation. Amalgamation occurs when the companies entering into the consolidation turn over their assets to a new corporation established to bring about the consolidation.

As a means of forming business combinations, consolidation was used during colonial times and the early national period of the United States. Extensive consolidation took place during the eras of toll roads and railroad building, when short roads and railway lines were consolidated into longer systems. Among industrial corporations, consolidation did not take place on a large scale until

the 1890's, when gentlemen's agreements and pools proved to be weak forms of combinations and the holding company's possibilities had not become apparent. During the 1890's and early 1900's, several large consolidated companies were formed—for example, the American Tobacco Company, the International Harvester Company, and the American Can Company. At the same time, the holding company became popular, because it was generally thought to be immune from the provisions of antitrust legislation. The national government, however, successfully prosecuted some large holding companies, causing other large holding companies to organize as consolidated companies, on the assumption that the antitrust legislation would not apply to them. This recent trend toward consolidation led to the passage in 1950 of an antimerger law, which permits the Federal Trade Commission to prevent a corporation from buying the physical assets of another company if the purchase tends to promote monopoly or to reduce competition.

THE INTERNATIONAL CARTEL The international cartel is a business combination in which the producers in two or more countries are able to control the world market for their product. To be effective, the national market must be controlled by a few companies or by a national cartel. National cartels were first formed in Europe, particularly in Germany, and are similar to the pool in the United States. German cartels spread to other European countries when competitors were brought into the cartel agreements. Eventually producers in the United States joined some of the European cartels, and in a few cases initiated the international agreements.

Since an international cartel cannot be effective in controlling world markets unless the domestic market is controlled, various means of achieving this goal have been used. First, control of secret processes of manufacture have made possible cartel control of such products as synthetic rubber and dyestuffs. Second, control of patents has been established in some areas of production—for example, in optical glasses and electrical equipment. Third, control of scarce raw materials, such as tin, diamonds, and natural nitrates, has been the basis for international cartel agreements. Fourth, control of the supply of a product—for example, tea and natural rubber—that is grown in only a few countries makes possible cartel control of the world market for that product.

An example of a cartel agreement that led to an extraordinary rise in price was the agreement between the General Electric Com-

pany and the Friedrich Krupp Aktiengesellschaft, a German company, in 1928. Involved in the agreement was the production of tungsten carbide, an extremely hard composition used in cutting-tools and other wear-resistant surfaces. Patents were pooled, and General Electric was given control over the United States sales price. In 1928, the United States price was \$50.00 a pound. Soon after the agreement, the price jumped to \$453.00 a pound, and the price was still as high as \$205.00 in 1940. General Electric was indicted under the antitrust laws and the price collapsed, reaching \$27.00 in 1942. A General Electric engineer asserted in 1931 that manufacturing tungsten carbide cost about \$8.00 a pound.

Cartel agreements are illegal in the United States. United States corporations, however, entered secretly into cartel agreements before World War II. Many of these agreements were nullified by action of the United States government after the entry of this country into the war. Several of them continued during the war, either because the cartels were controlled by corporations outside the United States or because, for one reason or another, the government was unable to prosecute the domestic cartels. As long as cartels are permitted in other countries, corporations in the United States must compete with them in the markets of the world. Therefore, the effort of the government of forcing United States corporations to cease participation in cartel agreements seems unlikely to bring a solution of the problem. International agreements for control, rather than one country's acting alone, would appear to be the logical approach to the problem.

THE TRADE ASSOCIATION The trade association is a nonprofit organization of independent business units in a particular trade; through co-operation it enables the members to further their common interests. No business is conducted by the trade association, but the promotion of common interests may result in less competition among the members. The association may assist the members in several ways, such as in research and advertising, development of uniform cost accounting systems, and maintenance of lobbies in national and State capitals.

Some trade associations are *horizontal* in organization—that is, they limit membership to competing producers in a particular phase of production. For example, the Tanners' Council of America restricts its membership to businesses engaged in the tanning of leather. Other trade associations are *vertical* in organization—they

extend membership to businesses engaged in all stages of production and distribution. For example, the American Iron and Steel Institute includes producers engaged in any phase of the production and distribution of iron and steel products. The organizational features of a trade association consist merely of an annual meeting of the members, who elect a board of directors, which selects officers and committees to supervise and carry on the work of the association.

Trade associations have developed with industrial growth. Dating from about 1850, they grew rapidly during both World War I and World War II. Some trade associations are local in nature, others are sectional or Statewide in scope, and many others are national organizations. Some of the national associations are the National Association of Manufacturers, National Wool Manufacturers Association, American Iron and Steel Institute, American Gas Association, and International Advertising Association.

THE CO-OPERATIVE ASSOCIATION

We have examined the organization of business with particular reference to the question of ownership. Attention now is given to the *co-operative association*, in which emphasis is upon *purpose* rather than upon *ownership*. The individual proprietorship, partnership, and corporation operate chiefly to make profits for the owners. The co-operative association aims to provide services and commodities to the members of the co-operative. In some instances, co-operatives deal with the general public, as well as with their *own members*. In their dealings with the public, the co-operatives realize gains that are distributed among the members. In this respect, co-operatives do not, of course, differ in purpose from the other forms of business organizations.

A co-operative—an association of persons or businesses—is organized to conduct commercial and other activities for the benefit of the members. For the most part, co-operatives are incorporated, and they operate under charters granted by a State. Thus the co-operative, if incorporated, is in a sense a special type of corporation—a co-operative corporation. If a number of separate co-operatives operate under a single charter, such an enterprise may be classed as a business combination.

HISTORY The co-operative movement began in England with the

Rochdale project. In 1844, a small group of workers in the factories in Rochdale, having been unsuccessful in their efforts to increase their wages, decided to establish a store to buy groceries co-operatively in order to reduce living expenses. An equal amount of capital was invested by each person, and a place of business was rented and stocked with groceries. The venture was successful, and in a short time similar projects were started in England. The movement spread to Europe and eventually to the United States. The Rochdale project was a consumers' co-operative, but the principles used in conducting the enterprise were applied to producers' co-operatives, marketing co-operatives, and credit co-operatives. By 1945, more than 100 million families in 39 countries had memberships in co-operatives.

PRINCIPLES The principles followed by the Rochdale project have been applied generally to all types of co-operatives. These principles are as follows: (1) Each member has only one vote, regardless of the number of shares owned. (2) Returns on capital are limited to a fixed percentage, because the interest paid on stock is not regarded as profit but is considered compensation for the use of capital. (3) Rebates to members are in the form of patronage dividends—that is, dividends are returned to members in proportion to their purchases. (4) The prevailing market prices are charged in order to eliminate hostile competition and to accumulate capital. (5) Sales are for cash and not on credit.

TYPES OF CO-OPERATIVES A *consumers' co-operative* is organized for the purpose of centralizing the purchase of commodities for consumption. The purpose of such an organization is to pool purchases and to reduce costs by buying in large lots. A co-operative retail grocery store is an example of a consumers' co-operative. The *producers' co-operative* is an association of businesses selling goods and services to consumers. Profits are not made by the association but sufficient dues are charged to cover the costs of the goods and services wanted by the members. The New York Stock Exchange and the Associated Press are examples of producers' co-operatives. The *marketing co-operative* is an association of independent business units that carries on activities in marketing their products and in conducting other sales activities. Examples of such organizations are the *California Fruit Growers' Exchange*, the *National Livestock Marketing Association*, and the *Burley Tobacco Growers' Associa-*

tion. The *credit co-operative* is an association that pools the savings of the members. These savings are invested or lent for the mutual advantage of the members. Mutual insurance companies and credit unions are familiar examples.

WORLD INCIDENCE OF CO-OPERATIVES The co-operative movement has had greater support in European countries than in the United States. In 1942, co-operatives did about 13 per cent of the retail trade in England and 11 per cent of the wholesale and more than 30 per cent of some types of retail trade in Sweden. In the United States, co-operatives handled in 1944 less than 1 per cent of all the consumers' goods and services through retail outlets and about 20 per cent of farm supplies, such as seed, fertilizer, feed, and farm machinery.

There are several reasons for the relatively small amount of business done by co-operatives in the United States. The opposition of existing private businesses, the idea of getting ahead by increasing one's earnings rather than by small economies in spending, and the diverse national origins of the people of this country have been hindrances to the growth of co-operatives. Co-operatives in the United States to some extent have suffered from poor management. Members of co-operatives often do not appreciate the difficulties of management and the necessity for employing effective executives. Furthermore, other forms of business enterprise have been able to compete successfully with the co-operative. In general, the people of the United States prefer to deal with whomever they please; they do not like to give up their independence of action.

THE PUBLIC CORPORATION

The corporate form of business enterprise commonly is thought of as applying to privately owned business. The national and State governments, however, have established corporations to perform certain services for the people of this country. State governments utilized the corporation more extensively during the early history of this nation than did the national government. During the 1830's and 1840's, projects for internal improvements, such as banks and the building of roads and canals, were established on a corporate basis by some of the States. Unfortunate experiences with these enterprises resulted in general opposition to the States' engaging di-

rectly in corporate business ventures. Many decades elapsed before such activities were renewed.

Before World War I, only a few purely public corporations were *financed and controlled* by the national government. The period of extensive organization of public corporations by the national government came under the sponsorship of the New Deal during the depression times of the 1930's.

SUMMARY

The organization of business into enterprises facilitates the economizing process of the United States. Through organization, producers are able to supply more effectively goods and services to satisfy the wants of the people. The three basic forms of business organization are the individual proprietorship, the partnership, and the corporation. These three forms have been used in the United States from the beginning of its history. In our early history, however, the individual proprietorship and partnership were used more extensively than the corporation. As industrialization increased, the use of the corporate form of organization came to have several distinct advantages, particularly in financing, over the other forms. Though most business enterprises still are organized as individual proprietorships or partnerships, the relatively few corporations do about one-half of the nation's business, exclusive of agriculture. Each form of business organization has advantages and disadvantages. The selection of the form of organization usually is based upon these advantages and disadvantages for any particular business venture.

The co-operative and public corporation, although corporate in organization, are special types of corporations. The co-operative emphasizes service to its members, while the regular business corporation is primarily concerned with making profits. The two also differ in certain organizational features. The public corporation is a government business at the local, State, or national level of government. Such corporations usually are formed to perform certain services for consumers but have been established in wartime to provide necessary defense materials.

As large-scale business has developed, separate business enterprises have combined in various ways to centralize policies and administration. These combinations may be either formal or informal. If informal, the carrying out of the agreements depends

upon the willingness of those involved to abide by them. In the formal combinations, a definite organization is established for carrying on business activities. Because business combinations have sometimes been monopolistic in nature, laws have been passed to regulate and supervise some of their activities. In the twentieth century, the regulation of business by the national government has been particularly apparent.

QUESTIONS

1. Imagine that you are going to start a business of your own. What considerations will you likely take into account in choosing the form of your business?
2. Johnson and Sanders are partners in the manufacturing of electrical appliances. Sanders orders expensive office equipment for the firm. If the partnership is unable to make payment, can Johnson be forced personally to pay the bill if Sanders is without money? Explain.
3. "A corporation is a legal person." Explain. Is this also true of a partnership? Why or why not?
4. Compare the rights and obligations of ownership held by a partner in a small business with those of a stockholder in the General Electric Company.
5. What are the conditions in a large corporation that separate ownership and control?
6. What is an international cartel? What distinguishes it from other forms of business combinations?
7. How are trade associations different from other forms of business combinations?
8. What are the main principles upon which co-operative associations function? Why have co-operatives not developed in the United States to as great an extent as they have in some other countries?

DISCUSSION

1. John Doe is in business netting a profit of \$6,000 annually. Under what circumstances would he be benefited by taking in a partner? Why might he hesitate to do so?
2. Messrs. Black, Brown, and White plan to engage in the manufacture of automobile accessories, each contributing \$25,000 to the enterprise. It is estimated that \$250,000 will be required at the outset for plant equipment and other immediate expenses. Argue that they should not choose the partnership form of business enterprise. Are there any arguments in favor of the other side of the question?

3. A man who is an invalid has \$25,000 to invest. Safety of the funds is the first consideration, income next. What kinds of securities should he invest in, and in what proportion? Should he invest in one industry or several? Give reasons for your answer.
4. "Shares of stock are evidences of ownership; bonds are evidences of indebtedness." What does this mean? What does it imply about the management of a corporation?
5. "The corporation has made possible a centralization of economic power." Show four ways in which the corporation may be used to concentrate control.

TERMS

Capital investment: The aggregate of economic goods used by a business unit to promote the production of other goods.

Liability: That for which one is legally obligated or responsible.

Ownership capital: The amount of property owned by an individual or corporation at a specified time as distinct from the income received during a given period.

Price fixing: Control through a producer or combination of producers of the ultimate selling price of a commodity.

Public utility: A business enterprise performing some public service and subject to special governmental regulations. Examples are electric power plants, telephone systems, and street railway systems.

Risk: The element of uncertainty in carrying out the economic process in a capitalistic society.

Working capital: The amount of liquid assets, particularly cash, that an individual or corporation has on hand to carry on business operations.

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16 GOVERNMENT AND BUSINESS

Government and business are two phases of the total group relationships that constitute the social world of man-in-society. *Specialized study of social institutions frequently has been built upon the assumption that business and government are distinct areas in society with few common bonds. On the basis of this assumption, it sometimes has been said that business and government have conflicting policies and that either sound economic policies or successful political policies may be followed, but that no one policy can satisfy both business and government. This attitude may be questioned; society is a many-sided unit having more areas of agreement than of disagreement. At certain times, governmental and business policies may run counter to each other, but in the long run they will more likely agree than disagree.*

POLITICAL INFLUENCE OF ECONOMIC GROUPS

The society of the United States is made up of many groups having different interests. These groups make their interests known to government, in the expectation that governmental policy will be formulated to promote them. Government is then faced with the responsibility of evaluating and harmonizing the numerous interests so that society as a unit will best be served. Government may take some action that is considered by one group—for instance, business—as detrimental to its interests, and the action may indeed be against the interests of this one group. If such is the case, it is in part because government is directed by the interests of the total society rather than of only one part.

Business, agriculture, and labor are the three major interest groups in the society of the United States. Businessmen, farmers,

and laborers have emphasized organization for the purpose of bringing pressure on government either to promote issues that will be beneficial to them or to stop actions that might be detrimental. Thus, in economic policy-determination, the government is certain to feel the force of organized groups from business, labor, and agriculture.

Complete harmony does not always exist within these groups, because each is made up of smaller groups whose interests are sometimes in conflict. Consider, as an illustration, the rivalry between the dairy farmer and the cotton farmer over governmental policy regarding a tax on butter substitutes. In the area of business, there may be rivalry between railroad companies and transportation units making use of highways and waterways; between import-export companies and domestic producers; between small individual proprietors and great corporations; and between insurance companies and businesses that are consumers of insurance. When government is influenced to formulate a policy favoring one area of business at the expense of another, opposing pressures arise from within the business group. The total business group, however, has common interests, and business as an interest group strives to obtain favorable governmental policies regarding these common interests.

The interest of business in governmental policy has increased since the 1930's, but was evident before that time. For example, the United States Constitution took its origin in part from the need to strengthen the economy of the nation. In the 1860's, governmental policy concerning Northern industry and Southern agriculture became a controversial issue which in part caused the Civil War. The growth of monopoly has been an issue between government and business since the Civil War.

CONSTITUTIONAL PROVISIONS AFFECTING GOVERNMENT-BUSINESS RELATIONS

National Powers

The Constitution of the United States provides for certain national powers over business. Whether business is helped or hurt by the exercise of these powers depends upon how they are used. Therefore, business as an interest group is concerned about the policies developed under the powers rather than about the powers themselves.

One of the national powers over business is the congressional right to "regulate commerce with foreign nations and among the several

States and with the Indian tribes." The extent to which Congress can use this constitutionally granted right has been broadened by both laws of Congress and court decisions. The early concept of the *interstate commerce clause* restricted the national government to regulating—that is, restricting and prohibiting—the "sale" and "transportation" of goods across State lines. As specific cases have come before the United States Supreme Court, "regulation" has been interpreted to mean protecting, promoting, and encouraging, as well as restricting and prohibiting, interstate commerce. Thus waterways for the promotion of interstate commerce may be built at governmental expense; airlines and airports may be given financial aid; and commerce may be controlled by regulations and restrictions that may hamper certain kinds of commerce and favor others. The meaning of the term *commerce* also has been broadened by court decisions and laws to include navigation, transportation and communication facilities, telephone and telegraph messages, radio broadcasting, securities, persons passing across State lines, lottery tickets, and insurance, as well as goods or commodities.

By judicial interpretation, the authority of the national government has been extended over local agencies that are in the stream or current—that is, in the general movement—of interstate commerce. For example, an agency located within one State, though carrying on no activities outside that State, may be subject to regulation if it handles goods that are shipped from another State and are a part of a general movement of commerce between States. Activities at the point of origin of goods that move, or even may move, in interstate commerce also may be regulated by the government under this interpretation of the interstate commerce power. For example, wages and hours of employees in industries producing goods that move, or may move, in interstate commerce are subject to regulation by the national government. Indeed, recent decisions of the United States Supreme Court indicate that the national government may exercise its power over any matter that seems to constitute a burden or an obstruction to the free flow of interstate commerce. This so-called "burden theory" illustrates the use of interpretation in giving a constitutional power its full meaning.

The national government has other powers bearing directly upon its relations with business. These powers, like the commerce power, are significant in the way in which they are used—that is, any of them may be used to promote or hamper business. Briefly stated, these powers are:

- (1) To levy and collect taxes, duties, imposts, and excises in order to pay the debts and provide for the common defense and general welfare of the United States
- (2) To coin money and to regulate its value
- (3) To borrow money
- (4) To fix standard weights and measures
- (5) To establish uniform bankruptcy laws
- (6) To establish and maintain a postal system
- (7) To grant copyrights and patents
- (8) To make necessary rules and regulations regarding territories or other properties belonging to the United States

The Constitution also places some limitations upon governmental action regarding business. For example, both the State and national governments are denied the power to deprive any person of property without due process of law. Government, however, may take property by condemnation, taxation, and the exercise of the power of eminent domain. This power gives government the right to take property for a public use, providing reasonable compensation is made. In the exercise of its police power, government may take property or cause property to be destroyed in order to protect or promote the health, safety, morals, and welfare of the public. But these governmental processes are limited by constitutional and statutory laws and by court decisions.

The Federal System and Government-Business Relations

The United States has a federal system of government—that is, a division of power between national and State governments. The powers of the national government are enumerated in the Constitution and those of the States (called reserved or residual powers) are the powers not given to the national government in the Constitution or prohibited by it to the States. Therefore, the State governments, as well as the national government, are empowered to formulate governmental policies regarding business relations. In fact, the States have passed most of the laws regulating business relationships. In addition, the doctrine of reserved or residual powers has tended to give an advantage to the States in government-business relations, just as the enumeration of national powers in the Constitution tends to limit the national power.

A State may go into business. For example, liquor stores, grain elevators, and public utilities have been established by the various States. Furthermore, States grant licenses and charters to business

enterprises. They also levy taxes on business and sometimes give financial aid if the State policy-makers consider the business one of benefit to the State. Laws regarding fair and unfair trade practices, price fixing, hours and conditions of operation of businesses, and many other matters have been passed by the State governments. Therefore, State government touches the people in their business relations in many more instances than does the national government.

In one phase of government-business relations—regulation—the forces of economic development have tended to transcend the reserved powers of the States. Industrial economy has crossed State lines, and in many cases business enterprises are beyond the reach of State government. Therefore, problems regarding business activities once considered local and State in nature have come to be recognized as national problems, and national policy has been required, sought, and obtained. Though the regulatory function has not been taken entirely away from the State governments, leadership in this area has tended to pass to the national government, and State policies generally follow those formulated by the national government. Therefore, a treatment of national developments, with occasional references to State practices, includes most of the problems and methods in governmental regulation of business.

Certain techniques have been adopted by government for the purpose of attaining desired objectives in its relations with business. The importance of the various techniques varies, the use and development of any particular one at a given time being determined by the conditions of that time. The three general techniques considered in this chapter are *direct governmental assistance to business*, *direct governmental regulation of business*, and *governmental ownership and operation of business*.

DIRECT GOVERNMENTAL ASSISTANCE TO BUSINESS

The assumption that government is hostile to business interests is far from true. In fact, it might be argued that if government has had any one consistent and conscious policy toward business, that policy is one of contributing to its welfare. Governmental policy-makers, as well as business interests, desire a healthy economy. But numerous issues arise centering around what constitutes a healthy economy, who the beneficiaries of a healthy economy should be and in what proportion, and how such an economy may be best

attained. The result is that political parties and interest groups frequently hurl charges which, if believed, would lead one to think that rival powerful groups are planning to wreck the economy of the nation.

In the course of regular and generally accepted governmental activities, much is done to serve the interests of the economy—for example, keeping the peace and good order, maintaining a consular service, chartering and supervising banks, and providing a postal system and a system of currency. Although these activities are quite indispensable to the operation of business, they are usually thought of in connection with the general welfare.

Tariff

The use of the tariff to protect business is a well-established practice in the United States. The only tariff that may be constitutionally levied in this country is one that places a tax on goods brought into the country from foreign countries. A tax on exports is constitutionally prohibited, and any tariff, other than inspection fees, on interstate shipments is also forbidden. Thus the essential purpose of the tariff is to protect home industry, and this purpose, if fully carried out, would keep out imports and result in no revenue.

Tariffs in the United States, however, have combined the purposes of protection and revenue. The tariffs have been so high on some articles that the articles have been excluded. On the other hand, a large proportion—about one-half—of the costs of the national government were met by income from the tariff during the years between the Civil War and World War I. This proportion has grown smaller with rising governmental costs, and in 1950 only about 1 per cent of the costs of the national government was collected from this source.

Producers may take advantage of tariff protection to increase their own profits and lower the quality of their products, even though the advantages may be only temporary. They may also expand relatively inefficient units of production or limit production of a commodity. If the producers are well organized or if the business is monopolistic, these objectives are easily attainable. The prospects of these relative advantages have led producers to perfect an organization for political pressure. Organizations of this sort, representing diverse interests, may co-operate in an effort to obtain for all of them the desired tariff protection. They were so successful for many years that tariff legislation was largely a reflection of the

desires of various producers to make use of the government to secure tariff advantages for themselves.

After the Civil War, high protective tariffs were maintained by the United States until 1913, when the Underwood Act, in force for nine years, lowered the tariff rates on many articles, though it was not in general a low-tariff measure. In 1922, however, tariff rates were again raised, and the Hawley-Smoot Act of 1930 raised the rates to the highest level in the history of the United States. As a result of the trade reprisals of other nations in protest against the United States tariff barriers and of the world trade difficulties during the depression of the 1930's, an extreme protective tariff policy for an exporting nation was questioned. Congressional reappraisal of the tariff policy after 1932 led to the passage of the Trade Agreements Act of 1934. Under this Act and its subsequent extensions, the President may make trade agreements with other nations providing for mutual lowering of tariff rates. Although subject to some minor limitations, such as not interfering with the articles on the free list, the President may lower existing tariff rates as much as 50 per cent without referring the matter to Congress. As a result of this legislation, there has been a reduction on the tariff rates of many of the articles imported into the United States. The tariff policy in the United States illustrates the response of the government to the desires of the business interest group.

Subsidies

A subsidy is a direct governmental gift providing aid for initiating or carrying on some enterprise. Government has been sufficiently interested in the encouragement of business to provide direct subsidies to some businesses—for example, the transportation industry. In the nineteenth century, the national and State governments granted more than 160 million acres of land to companies building railroads into the West. This aid encouraged not only railroad building but also settlement of and business expansion into the western area of the United States. Today, airmail subsidies benefit both the business of commercial aviation and commerce in general. Merchant shipping has been subsidized from time to time. Under the Merchant Marine Act of 1936, subsidies are provided for the construction and operation of merchant vessels. Agriculture also has been aided by governmental subsidization. (This program is treated in the chapters on agriculture.)

FEDERAL LAND GRANTS TO RAILROADS

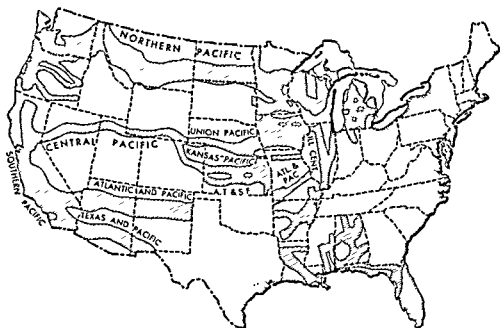


Figure 18. (Adapted from Baldwin, *The Stream of American History*, American Book Co., 1953)

Copyrights and Patents

In order "to promote the progress of science and the useful arts," as the Constitution phrases it, Congress provides exclusive rights to authors and inventors. These rights encourage creative effort of individuals and reward talent. The copyright privilege covers books, periodicals, dramatic and musical compositions, and other artistic and literary creations. A copyright is given upon payment of a fee and deposit of two copies of the work in the Library of Congress. In return, a monopolistic property right in the reproduction, publication, and sale of the work is reserved for the holder, who may bring suit for damages against anyone infringing upon his exclusive property right. A copyright is granted for twenty-eight years and may be renewed for a similar period.

A patent is an exclusive property right in any new or improved machine, process, or composition of matter. It is granted through the United States Patent Office in the Department of Commerce upon application and payment of a fee. The Patent Office examines the device for possible infringements on earlier patents. Appeals from its decisions may be taken to a board of patent appeals and

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Subsidies

A subsidy is a direct governmental gift providing aid for initiating or carrying on some enterprise. Government has been sufficiently interested in the encouragement of business to provide direct subsidies to some businesses—for example, the transportation industry. In the nineteenth century, the national and State governments granted more than 180 million acres of land to companies building railroads into the West. This aid encouraged not only railroad building but also settlement of and business expansion into the western area of the United States. Today, airmail subsidies benefit both the business of commercial aviation and commerce in general. Merchant shipping has been subsidized from time to time. Under the Merchant Marine Act of 1936, subsidies are provided for the construction and operation of merchant vessels. Agriculture also has been aided by governmental subsidization. (This program is treated in the chapters on agriculture.)

(through power) for the most desirable areas. The broadcasting industry soon realized that a governmental arbiter should be established to bring order into the broadcasting field. A national commission—the Federal Communications Commission—was given the power to assign wave lengths, volume, and program time. In this case, governmental regulation was essential to the survival of the industry.

Pressure for the regulation of business also comes from consumers. The pressure from this source is usually not continuous or highly organized. The consumers' demand for regulation is most frequently exerted during times of inflation, when the price level rises so rapidly that the cost of living and consumer income are thrown far out of balance. Pressure on government is exerted also when the consumer thinks that business is carrying on practices that are harmful to him. An example of this type of pressure was the movement of the farmers in the 1870's for governmental regulation to eliminate unfair practices of railroads. Although all members in society are consumers, in the United States pressure groups of consumers have been relatively less effective than business, labor, and farm groups. The reasons for this situation are given in a later chapter. Nevertheless, some pressure for governmental regulation of business has come from consumers.

Regulation and the Public Interest

In considering group pressures seeking regulation of business, government must determine the extent to which the public interest would be served by such regulation, the extent to which regulation can be successfully carried out, and the techniques for its execution. The desire of small business to have big business regulated takes the form of a group interest. If an antagonistic group response from big business is aroused, government is then placed in a position of mediator between these forces. Hearings are held, expert testimony is received, and some form of regulatory policy emerges.

NATURE OF THE PUBLIC INTEREST "Affected with a public interest" is a phrase, hallowed by long judicial and legislative usage, which justifies governmental regulation of the property right. In the *Munn v. Illinois* decision in 1877, the United States Supreme Court said: "when . . . one devotes his property to a use in which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common

good, to the extent of the interest he has thus created. He may withdraw his grant by discontinuing the use; but, so long as he maintains the use, he must submit to the control. . . ."¹

The ever-growing complexity of business relationships has tended to increase the element of public interest. Consider, for example, the case of the dairy industry. This business is often carried on within a rural or semirural environment, with dairymen as individual owners. They serve a small group of customers—a friends-and-neighbors proposition. There is ordinarily no need for regulation of such a business. There is, of course, a public interest, but the informal primary controls of the small community are sufficiently effective so that formal regulations, other than occasional inspection, may not be needed. But when the dairy business is called upon to serve an urban area, the public interest requires the support of government at several points. Producers are remote from consumers, and complex technology is involved. Abuses that other units are powerless to curb may creep in at any one unit in the chain of services. Competition may cut prices to the point where dairy farmers cannot operate profitably. Delays or irregularities in service may be inconvenient and harmful to consumers. The efficient performance of this essential economic function requires governmental provision of uniform standards of quality and service. Thus government may be called upon to see to it that uniform and reasonable prices are maintained, that wasteful methods are eliminated, and that interruptions in service are avoided.

There is a "public interest" in every economic undertaking made up of the interests of all who share in the process—property owners, labor force, middlemen, and consumers. The total public may be small enough that informal community controls or competitive forces make governmental regulation unnecessary. But when the business process becomes large and complex, continuous and satisfactory co-operation and co-ordination among all the elements of the public, who now become parties-in-interest, are in danger of breaking down. An advantage gained by one brings protests from the others. Government often mediates between these parties-in-interest. As more elements of the economy become interdependent, more governmental regulation may be necessary. When this interdependence spreads across State lines, the public interest tends to become national in scope, and the national government is called upon to develop regulatory techniques.

National governmental regulation began early in certain areas, such as river commerce, but was retarded in others by the concept of constitutional limitation upon national powers. Not until the economic problem was clear and impelling did the national government enter the field of regulation extensively. The interstate commerce power, broadly interpreted, enables the national government to regulate, to the extent determined by Congress and the courts, any economic problem affecting national public interest.

DIFFICULTIES IN DETERMINING PUBLIC INTEREST No clear-cut rule has been established for determining when businesses are so affected with a public interest that governmental regulation is applicable. Neither the State governments nor the national government may deprive persons of property without due process of law. Thus, regulation may not be arbitrary, capricious, or confiscatory. The governmental policy must be based upon a public interest that may be served by regulation. Usually Congress states the policy in broad

GROWTH OF GOVERNMENTAL REGULATION OF BUSINESS

1790	Today
Tariff	Foreign Trade Agreements
Fair Competition Laws	Fair Competition Laws
Sale of Public Land	Antitrust Laws
	Rate Regulation (Railroads; Utilities)
1900	Rate Regulation and/or Mail Subsidies (Air Lines; Ship Lines)
Tariff	Licensing of Radio Communications
Fair Competition Laws	Crop Acreage Control and Soil Conservation
Antitrust Laws	Social Security
Rate Regulation and Construction Subsidies (Railroads)	Monetary Controls
	Wages and Hours Laws
	Collective Bargaining Laws
	Supervision of Security Sales
	Laws to Protect Consumers

and general terms, leaving many details to be determined by administrative agencies that carry out the policy.

The branches of government do not always agree upon the nature and extent of regulatory techniques. For example, in the *Munn*

case, mentioned above, the Supreme Court was not in unanimous agreement regarding the right of State governments to regulate terminal grain elevators. When the regulation of prices in the dairy industry in the New York metropolitan area was considered by the Court in 1934, a majority of the Court thought this regulation was in the public interest, but a minority dissent was also registered.² On occasion, the legislative branches of the State and national governments have declared a policy of regulation in the public interest only to have the Supreme Court rule that such regulation violated the Constitution. For example, in 1923, in a case arising from the Industrial Court of Kansas, the United States Supreme Court held that a meat-packing establishment was not a business affected with a public interest.³ Likewise, in 1932, after the Oklahoma legislature had passed a law requiring the licensing of those engaging in the ice business, the Court held that this business was not affected with a public interest.⁴

Though clear-cut standards for determining the nature and extent of governmental intervention in the economy are difficult to establish, fairly distinct types of policy have developed in three areas of economic activity. Although these activities frequently overlap for specific businesses, they provide a practical basis for classification. The three areas are (1) the monopoly, (2) unfair competition, and (3) the public utility.

Regulation Curbing Monopoly

LEGISLATION *One of the central problems in the area of business regulation arises from the growth and integration of business units. This development, beginning in the mid-nineteenth century, was accompanied by the development of an anti-big-business attitude in society. Large business combinations were counter to the high degree of individualism that had developed in the United States. Moreover, the common-law heritage from England, which held combinations and conspiracies in restraint of trade to be contrary to public policy, prevailed in the United States. England revised her common law as an adjustment to the developing business integration that accompanied the Industrial Revolution, but in the United States the attitude of the people and government continued*

² *Nebbia v. New York*, 291 U.S. 502 (1934).

³ *Wolff Packing Company v. Industrial Court of Kansas*, 262 U.S. 522 (1923).

⁴ *New State Ice Company v. Liebmann*, 285 U.S. 262 (1932).

to reflect common-law ideology—competition, individualism, and small-business organization.

Common-law proceedings were inadequate to deal with the various forms of combinations, such as trusts, pools, gentlemen's agreements, and holding companies, which came into use after 1860. Both the State and national governments felt the pressure of anti-monopoly sentiment, and legislation was enacted to strengthen the are declared illegal, and persons engaging in them are liable in both common law. By this legislation, combinations in restraint of trade civil and criminal proceedings. The limited political area of a State, however, has been an obstacle to its dealing with large business combinations. Regulation of monopoly by the national government has been largely the history of the Sherman Antitrust Act, which was enacted in 1890 and is today the basic national law for monopoly control. The main provisions of this Act are:

Section 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Section 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

ENFORCEMENT Since the Sherman Act is couched in general terms, its effectiveness has depended considerably upon the interpretation given it by the United States Department of Justice, the mood of Congress in making appropriations for the costs of suits and enforcement, the interpretation of its meaning by the courts, and the degree of severity of the penalties imposed. These conditions combined to make the law virtually a dead letter for the first few years of its existence. Richard Olney, Attorney General under President Grover Cleveland from 1893 to 1895, portrayed an attitude

Governmental policy goes a step beyond this objective and seeks to provide guides for keeping competitive practices within appropriate limits. Some guides existed under the common-law rules; for example, such practices as misrepresentation, malicious criticism of a competitor, inducing breach of a competitor's contract, and enticement of a competitor's employees were illegal. The courts frequently held such other practices as price cutting, local price discrimination, "fighting brands," and exclusive dealerships illegal under the Sherman Act.

There were so many conflicts and disagreements about competitive methods, however, that clarifying legislation was necessary. The Clayton Act and the Federal Trade Commission Act provided such legislation in 1914, during the administration of Woodrow Wilson. The Clayton Act was designed primarily to strengthen antimonopoly legislation, but it also defined a number of illegal trade practices and provided both civil and criminal penalties applicable to businesses engaged in interstate commerce. The Federal Trade Commission Act also defined certain illegal trade practices and provided for the establishment of a Federal Trade Commission to administer the antitrust laws and the laws passed for regulation in the interest of fair competition. The principal illegal practices defined by the above acts are exclusive dealing, tying contract, price discrimination, distributor discrimination, basing point system, unfair competitive practices, and false advertising.

EXCLUSIVE DEALING An exclusive-dealing arrangement restricts a dealer to the sale of one manufacturer's products when similar products are produced by other manufacturers. Such an arrangement, if permitted, makes it possible for a manufacturer to shut off market outlets from his competitors. A similar arrangement with suppliers may sometimes be made to impede the effectiveness of competitors. The courts, however, have held that exclusive dealing is illegal only when it actually operates to create a tendency to monopoly. Bona fide agencies which leave the title with the manufacturer until sale is made are also exempt from the operation of the law. Exceptions and exemptions have made this provision of the Clayton Act ineffective.

TYING CONTRACT A tying contract is an agreement between a producer and a seller of goods—for example, a retail merchant. It provides that the right to sell a particular commodity is conditional

upon the handling of other products of the producer. This device is particularly effective when the manufacturer has a desirable product under patent, since less desirable commodities will be taken in order to have the more desirable product in stock. Although the Clayton Act forbids tying contracts, the Supreme Court has interpreted the provision in such a way that a tying contract in itself is not illegal. The courts require proof of a substantial lessening of competition and a tendency toward monopoly before they will rule against this type of agreement.

PRICE DISCRIMINATION The Clayton Act makes it unlawful for any person engaged in the sale of commodities in interstate commerce to discriminate in price between different purchasers of commodities of like grade and quality. The illegality of price discrimination, however, is subject to exceptions, such as allowances for differences in cost of manufacture, sale, or delivery. Furthermore, a substantial lessening of competition and a tendency to create monopoly must be shown.

The case of *George Van Camp and Sons Company v. American Can Company*⁸ in 1929 illustrates the price-discrimination provision of the Clayton Act. The American Can Company sold the Van Camp Packing Company cans at a price 20 per cent lower than the standard price, quoted to other purchasers. Nor did the American Can Company charge the Van Camp Packing Company the usual rental fees for the special equipment needed to seal the cans. The George Van Camp and Sons Company, a competitor of the Van Camp Packing Company, claimed that the lower prices and the free use of the can sealing equipment were price discriminations that lessened competition and thus violated the Clayton Act. The Supreme Court upheld the claim.

DISTRIBUTOR DISCRIMINATION One of the problems of fair trade centers around discrimination by manufacturers in favor of such integrated businesses as chain stores, mail-order houses, and supermarkets. Representatives of the independent or nonintegrated businesses have sought to strengthen their position by bringing pressure upon both manufacturers and the government. The principle that quantity discounts given by manufacturers must be reasonably related to savings in their costs has been followed in governmental policy, but interpretations vary as to what constitutes a "reasonable"

⁸ 278 U.S. 245 (1929).

relationship. In 1936, the Robinson-Patman Act was passed with the intent of strengthening the Clayton Act in its prohibition of price discrimination by sellers among different distributors. But numerous compromises and concessions were made in response to counter pressure from the mass distributors, with the result that interpretation of the measure determines its operation.

BASING POINT SYSTEM A system of price control known as the "Pittsburgh-plus" plan, or basing point system, was brought into prominence by the United States Steel Corporation between 1900 and 1924. Under this system, the price of steel was set at the Pittsburgh, Pennsylvania (main point of production for U. S. Steel), price plus transportation costs from Pittsburgh to the destination, regardless of the actual shipping point. As a result, price was centrally controlled and competitive prices discouraged. In 1924, when the plan was held to violate the Clayton Act, the Steel Corporation adopted multiple basing points—prices set at various cities plus transportation costs to the destination point. In 1949, the Supreme Court held the multiple basing point system illegal under the Clayton Act.⁹

Other industries, including producers of lumber, glucose, window glass, sugar, paper, and chemical products, have made basing point plans of one kind or another. The courts have frequently held a basing point system illegal, but the decisions have had little effect other than to cause the adoption of some variation of the scheme. Evidently industry assumes that some kind of basing point system is legal.

UNFAIR COMPETITIVE PRACTICES AND FALSE ADVERTISING The Federal Trade Commission Act deals in part with unfair competitive practices and false advertising. One section of the Act states that "unfair or deceptive acts or practices in commerce" are unlawful. Examples of unfair or deceptive acts or practices are misrepresentation of quality in such a way that a part of the public is deceived, misrepresentation of a competitor's brand, and use of lotteries in connection with the sale of products.

False advertising is advertising that is misleading to the public. In the determination of whether an advertisement is misleading, consideration is given not only to the representation made or sug-

⁹ *Federal Trade Commission v. Cement Institute*, 333 U.S. 683 (1948).

customers. First, no more than a reasonable charge may be made for services. Fulfillment of these duties is the objective of governmental regulation of public utilities.

Regulation of public utilities is more positive than that of other types of business, and the consumer is given *prominent consideration* as a party-in-interest. The problems of regulation, however, are no less difficult in this field than in other fields, and frequently they are more so. The expectation is that the utility will perform the five duties listed above and at the same time return to private investors interest and dividends sufficient to attract private capital. Privately owned utilities are sometimes under more direct pressure from investors than from customers. Therefore, earnings tend to receive more attention than duties to the public.

Seeing that utilities fulfill their duties to the public constitutes government's most difficult regulatory responsibility. The determination of "reasonable" rates is one of the problems in regulation. What shall the utility charge for its services? Answering this question requires a determination of the "right" valuation of the utility properties, the "right" rate for the customers served, and the "right" return on investment to insure development of the physical plant. To reduce any of these aspects of the problem to mathematical exactness is virtually impossible, though various complex formulas have been used in determining rate base, rates, and returns. Another regulatory problem is that of supervising the public utility. Supervision is sometimes made difficult by complex forms of utility organization, such as combinations of utilities and nonutilities and holding companies.

Governmental ownership of public utilities has long been accepted in many European countries. In the United States, ownership has remained predominantly in private hands, with the exception of municipal waterworks. This situation results from several factors. First, the strength of *laissez-faire* tradition has been coupled with constitutional restraint to discourage governmental ownership. Second, capital, resources, and technology have been available to private enterprise. Third, the emphasis on development and expansion has encouraged cities and States to grant favorable franchises to enterprises in public-utility fields. Thus, private owners have been granted privileges that will assure attractive profits.

GOVERNMENTAL OWNERSHIP AND OPERATION OF BUSINESS

Although governmental ownership of public utilities has not been widely accepted in the United States, some business enterprises are owned and operated by government. There are at least three reasons for governmental ownership in a nation with such a pronounced dislike for state socialism. *First*, the government is able to and is often called upon to operate businesses that private industry cannot profitably operate. This reason is perhaps the most compelling. *Second*, occasional reform movements, especially at the State and local levels, sometimes are induced by what are believed to be abuses by private owners, with the result that ownership is transferred to public control. The acquisition of electric generation and distribution systems by municipalities has sometimes come about in this way. Thus, the investigation of holding-company organization in the utilities field contributed to the establishment of the Tennessee Valley Authority. In the early twentieth century, an aggressive agrarian reform movement in North Dakota led to a short-lived experimentation with public ownership of grain elevators and farm supply stores. *Third*, war sometimes necessitates governmental operation of certain businesses. World War II led to the acquisition by the national government of alcohol processing plants, synthetic rubber plants, steel plants, and similar enterprises. Some existing plants were leased by the government, and some new government plants were constructed. Under governmental management, the business may be developed in such a way that it is simpler to keep it in government hands than to turn it back to private owners.

These causes bear little direct relationship to socialist theory, because government ownership in the United States comes into existence as an exception to and usually in support of private enterprise. Almost without exception, publicly organized units of economic production frame policies that will be useful and contributory to private enterprise in the economy. Consider, in this connection, the helpfulness to private business of the publicly owned and operated postal system, the scheduling of electric power and energy rates of public power plants in favor of industrial users, and the services of public credit institutions, such as the Reconstruction Finance Corporation and the Farm Credit Administration, in making loans on terms favorable to commercial and industrial borrowers.

in the United States been operated mainly by private enterprise? Why may governmental ownership of public utilities increase in the United States?

9. Why do we have some governmental ownership of business in the United States? How does governmental ownership sometimes help private businesses?

DISCUSSION

1. What immediate results can you envision as coming from an abrupt adoption (made constitutional) of a high protective tariff policy on the part of each of the forty-eight States?
2. What immediate results can you envision as coming from an abrupt adoption of free trade as a national policy?
3. Draw up a list of five objectives that you think are most suitable as a guide for public policy in regard to the manufacturing industry in the United States.
4. Of the following business interests, which one do you think government should promote in order to equalize advantages and at the same time promote the general welfare—(a) independent (small) businesses, (b) co-operatives, (c) integrated businesses, such as supermarkets and chain stores, (d) farming, (e) public utilities? Or do you think that government should promote no one more than the others? Give reasons for your answers.
5. Does the government in a democratic society have an obligation for the economy operating within it? Explain your answer.

TERMS

Bona fide [Latin, "in good faith"]: *Genuine or true.*

Common law: The unwritten law that receives its binding force from long usage and universal acceptance.

Consular service: Agency established by the national government in a foreign country to care for the commercial interests of United States citizens in that country.

"Fighting brands": A commodity used by a merchandiser to draw favorable attention regardless of the economic profit or loss involved.

Parties-in-interest: Any of several groups having a concern about some aspect of an enterprise.

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17 THE MODERN STATE

The three preceding chapters have centered attention primarily upon the development and functioning of modern business. We noted in Chapter 14 that, simultaneously with modern business, the modern state was created and developed. The examination of any aspect of the organization and functions of society entails a study of the state as an integral part of the social order—for example, the preceding chapter outlined the relationship of the state to modern business activities. In this chapter and those immediately following, various aspects of the state are considered—its emergence, characteristics, organization, and functional operation.

THE FEUDAL SYSTEM

The modern state, like modern business, evolved from conditions that prevailed in Europe during medieval times. The political condition of medieval times is referred to as the feudal system. Before the fall of the Roman Empire, in the fifth century A.D., political authority was concentrated in a strong central government, which ruled over most of the known European world. After the fall of Rome, some type of political organization was necessary to prevent the disintegration of society. The conditions of the time were conducive to the formulation of a system of government—the feudal system—in which local rulers exercised most of the powers customarily thought of as belonging to a king, emperor, or other central authority. Accordingly, the feudal system was quite the opposite of the Roman system of government, with the latter's highly centralized control. Feudalism was not systematic or orderly. Its evolution was spontaneous and unplanned, following the needs of the time.

Feudalism was based upon the holding of land and the contractual relations between landlords. With the general social disintegration

following the fall of the Roman Empire, the only durable form of wealth remaining was the land. The holders of the land were those persons strong enough to protect their wealth. The masses of people were willing to live under those who were strong in their own right, because the chief need of the chaotic society was protection. In theory, the king was the owner of the soil, and he rewarded his nobles, and gratified powerful men, with grants of land. In turn, a nobleman divided his land among his followers in exchange for military aid and other services.

An estate in land was called a *fief*. Although a fief was normally a tract of land, it was sometimes an office with large fees, or a

THE FEUDAL HIERARCHY

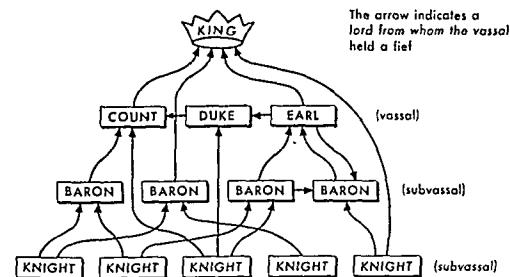


Figure 19. This diagram shows the irregularity and confusion in the feudal relationship between lord and vassal

monopoly, such as the right to levy tolls at a bridge or ferry, or a sum of money paid by the feudal lord to his retainers, or a combination of land with some of these. In many instances, a more powerful noble would seize land from a less powerful lord, thereby adding to his holdings and increasing the number of people over whom he exercised control.

When a man accepted the fief, the tie binding him to the land-lord was called *vassalage*. The holder of the fief was known as a *vassal*, and the grantor, a *lord*. This relationship was a contractual one, since a definite agreement was made between lord and vassal

regarding both the services to be rendered by the vassal to the lord and the lord's responsibility to the vassal. Sometimes local custom added to the set duties of the two parties.

Since the most common service rendered by the vassal was military, each feudal lord aimed to secure as many vassals as possible; the more vassals he had to fight for him, the more power and prestige he possessed. Theoretically, a regular hierarchy made up the feudal structure. At the base of the feudal pyramid were the knights, whose estates were too small for further subdivision. Above the knights were the lesser lords, or barons, and above them were the greater lords, such as counts, earls, and dukes. At the apex of the pyramid stood the king, the supreme landlord.

As Figure 19 indicates, actually no such regularity existed in the hierarchy. A knight might hold all his land directly from the king; a greater lord might be the vassal of a lesser lord for some of his land; and a man might be both lord and vassal to the same person for different lands. When the vassal held several fiefs granted by different lords, the proportion of his allegiance to each lord was most difficult to determine, a situation which often led to an unscrupulous wavering.

Although the political relationships under feudalism were chaotic and confused, each feudal group was essentially a self-governing, political unit exercising political authority and control. Lords and vassals often broke their agreements and indulged in widespread petty warfare; nevertheless, feudalism was preferable to anarchy. A certain amount of loyalty existed between lord and vassal. This loyalty was known as *fealty*—allegiance, faithfulness, and fidelity of a feudal vassal to his lord. Fealty was the emotional tie that held the feudal group as a unit, to the extent that unity existed.

Feudalism lasted for several centuries in Europe but eventually disappeared. Politically, it passed away when kings became powerful enough to put down petty warfare and maintain order everywhere in their dominions. Economically, feudalism gave way to the movement of the later Middle Ages in which rising industry and commerce led to the growth of cities and of markets and payments in money rather than services. The rise of a powerful middle class of manufacturers, traders, bankers, and professional men also contributed to the decline of feudalism by exerting influence on various aspects of social relationships.

As a system of government, feudalism left much to be desired. The great feudal lords lost touch with the masses of people and had

direct relations only with their highest vassals. The decentralized political condition, with its independence and local sovereignty, encouraged civil war between lord and lord, or even between lord and king. Nevertheless, society managed to hold together, even though kings often were weak and the feudal lords strong and warlike.

EMERGENCE OF MODERN STATES

During the fifteenth and sixteenth centuries, the feudal system was affected by the social changes that caused the transformation from medieval to modern times. The growth of trade and commerce during the Commercial Revolution made necessary the exercise of some centralized control for the protection and promotion of business. The idea that a strong state was necessary to gain such ends grew with the expansion of trade. Thus, the expansion of trade and commerce helped bring about the modern national state, and the new, strong state in turn promoted expansion in trade and commerce. The middle class of people aligned themselves with the king in setting up state control and authority so that commerce would not be restricted by medieval regulations, including local tax barriers. Therefore, they stood to gain economically and socially as the national state grew. In addition, the use of money was replacing the old barter system. As a result of these conditions, the old self-sufficient economy was supplanted by a general exchange of goods and services. The economic structure that had centered in the locality was replaced by a state economy.

The condition of constant, petty, feudal warfare also contributed to the emergence of the modern state. Strong feudal lords, supported by the rising middle class, began to consolidate the territory of the various sections of Western Europe. A powerful feudal lord came to be looked upon as *the* lord or king. The control of taxation and of commerce and industry was taken from the towns and placed in the hands of the government of the state. Strengthened by this newly won control of the political and economic forces of their states, the monarchs of Europe began to seek additions to their territory by conquest. From their conquests sprang those dynastic wars, alliances, and counter-alliances characteristic of European history in the first centuries of the modern era. Thus, a political revolution was taking place, and several strong states appeared in Western Europe.

The emergence of several of the national states was apparent by the last half of the fifteenth century, and the modern state system assumed permanent shape during the 150 years before 1815. In each of the new states, the ruler was a king or monarch who had absolute power over his subjects and his territory. The monarch furnished protection and maintained order for his people and was supposed to look after their general welfare. In turn, the people were to be loyal and obedient to the monarch.

The first modern national states to emerge were Spain, Portugal, France, and England. In each case, strong rulers were supported by their subjects, particularly those of the middle class. The rulers succeeded in forging closely knit, unified states by promoting policies both at home and abroad to that end. These policies were often a mixture of concern for the welfare of their subjects and selfish desire for increased power and prestige. As a result, civil strife and international warfare were common in the struggle to gain the objective of a consolidated state. Powerful groups within the state, especially the nobility and the upper clergy, had to be suppressed or weakened, because they were unwilling to surrender their privileged status in society. Interference by rulers of other states had to be resisted to eliminate obstacles standing in the way of achieving a unified state. In spite of all the forces resisting the rise of the modern state, by the second half of the fifteenth century, four—Spain, Portugal, France, and England—had emerged as modern states.

Once started, the evolution of the modern state continued, though the development was not rapid. During the sixteenth century, the Dutch and Swedes established their states. The Germans and Italians, however, did not accomplish this objective until the nineteenth century, and in that part of Central Europe controlled by Austria-Hungary, the ambitions of some people for independent states were not realized until after World War I. The process continues today. Later material in this chapter explains the impetus given to it by World War II.

NATIONALISM AND THE MODERN STATE

When the modern state emerged, the people gave their loyalty and obedience to their ruler. At the same time, each nationality (people living within a national state) developed an attachment to *its country and believed itself different from other nationalities.* This spirit or feeling was different from the fealty of feudalism in

that it was stronger than mere personal loyalty to a person or feudal lord.

The Element of Nationalism

Nationalism is, and has long been, a most powerful force in the world. Therefore, it should be easy to explain, but it is not. Like the terms *patriotism* and *democracy*, which are used in everyday speech, *nationalism* is difficult to define.

A characteristic of nationalism is the complex feelings or emotions that are shared by a group of people held together by common ties. Emotional attachment is shown to many things that are close at hand and familiar. For example, emotional loyalty is given to family, town, region, religion and church, and school. But the force in the Western world today apparently overshadowing most others and urging men on to the greatest of sacrifices is love of nation.

This powerful social force is roughly a degree of cultural unity within a given group, the consciousness of that unity, and a desire to express it in the form of a politically independent state. Nationalism is more fully developed in some nations than in others. Where nationalism has developed in an unrestrained manner, members of the national group believe their nation superior to others. "Our country! In her intercourse with foreign nations may she always be in the right; but our country, right or wrong" is an expression of the feelings of an ardent nationalist. Nationalism implies, in the ultimate, a willingness on the part of the individual to make the supreme sacrifice for the interests of his country. According to such feelings, the only test for the behavior of a nation is self-interest. The stress on national rights leads often to disharmony among nations and sometimes to war.

Many conditions contribute to the development of a feeling of nationalism. One of these is the *geographical features* of a nation. The insular positions of England and Japan have helped to shape those countries' national histories. A feeling of unity among the people of the United States has been fostered to a certain extent by their being separated from other great powers by two oceans. The existence of great natural resources can be an impetus to nationalism, as in the United States. On the other hand, the scarcity of raw materials helps to explain *Italian imperialism of the 1930's*, an outgrowth of intense nationalism.

Closely associated with geographical conditions is the feeling of

a *homeland*, or *fatherland*. Just as a person has an emotional loyalty to his home and community, he has a feeling of loyalty to state or nation. When people live in the same country for generations, a strong loyalty to that country is formed. The intensity of this loyalty is evidenced particularly when there is separation from the homeland. Loyalty becomes most evident in time of war, especially when the fatherland is threatened with invasion by a foreign foe and the need arises for the people to rise to the defense of the homeland. The concept of the homeland may be considered the crucible into which are poured the other elements comprising nationalism.

The idea of a homeland is strengthened by *tradition*. The cultural heritage usually becomes stronger as a nation grows older, because cultural traits need time to develop. References are made in national songs to the exploits of national heroes and to victories in war. The national anthem usually is a war song. Nationalistic appeals to the people of the nation are found in the literature of practically all countries. Artists use for their work themes in which national heroes and events are depicted. Thus the memory of national achievements is perpetuated, and the traditions of a nation help to arouse nationalistic feelings.

Political ideals constitute another element in the development of a nationalistic feeling. For at least a hundred years, democracy has been significant in nurturing the nationalism of states in the Western world. Other political ideals have been powerful in recent years in shaping the spirit of the people in some nations. In Russia, communism has contributed to national sentiment. A peculiar flavor is given to the nationalism of a country by its political ideals, whatever they may be.

The development of nationalism is aided by a *common language*, because in language a nation has a medium for the exchange of *ideas, sentiments, and ideals*. While it is true that some national states—Belgium and Switzerland, for example—use more than one language, most great states use only one official language. This is true, for instance, of the United States, Great Britain, France, Italy, and Russia. Indeed, so closely allied is a common language to national sentiment that some peoples have tried to revive their ancient tongues. Thus, the Irish nationalists attempted to revitalize the Gaelic language. So it would appear that though a common language is not absolutely essential to a national state, it does make easier the growth of the spirit of nationalism.

Religion is of considerable significance in building nationalism.

In medieval times, when all people of Western Europe belonged to the Roman Catholic Church, virtually no feeling of nationalism existed. The Protestant Revolt split Christendom into many religious groups during the same period of time when new national states were emerging in Western Europe. The division of people into religious sects intensified the spirit of nationalism, because it made the differences between the nations more evident. The Protestant Revolt caused a majority in one nation to become Presbyterian; in another, Lutheran; in another, Anglican; in another, Dutch Reformed; and in another, Catholic. Thus, a common religion may serve as a unifying bond for the advancement of nationalistic sentiments.

Oppression of minority groups has been another condition fostering the spirit of nationalism. For example, before World War I several nationalities lived in Russia. These minority groups experienced the Tsarist program of Russification, by which Russia tried to make good Russians out of Poles, Finns, Germans, and others who lived within her borders. Instead of stamping out the spirit of nationalism, the Russian policy tended to foster it more than ever. When the opportunity came during World War I to become free from Russian control, these oppressed people either established independent national states of their own or joined with older states of their own nationality.

The national spirit among some peoples has been intensified by *external opposition*. When the people of a nation are convinced that other states are endeavoring to keep them in an inferior status in world affairs, they may become more united in national spirit. German nationalism was intensified after World War I because the German people thought that the peace settlements were too harsh and that the world was "against" them. Adolph Hitler, as leader of the Nazi party, played upon this feeling and was able to rally the national pride of the Germans by promising them a respected place in the affairs of the world.

The ultimate objective of the people in every national group where nationalism has been fostered is political independence. They want their state to be a sovereign, independent state. What is a sovereign state? It is a free and independent country composed of a definite territory, a people living within that territory, and a government completely free from and independent of any foreign government or state. National sovereignty is the heart of the modern state system.

Development of Modern Nationalism

From the time of the emergence of the modern state to the present, nationalism has evolved through three stages of development. Each of these stages is characterized by the kind of loyalty of the people to the state and by the attitude of the people toward the policies of the ruler or government in both domestic and foreign affairs.

"ABSOLUTIST" NATIONALISM The monarchs who ruled the national state at the time of its emergence were absolute rulers. They had the power of life and death over their subjects, and their word had the force of law. The subjects were to give complete loyalty to the ruler. Therefore, this type of nationalism is called "absolutist" nationalism. During the time that absolutism was dominant, each monarch governed his actions in relation to other monarchs or states according to his own interests. Each ruler regarded his own interests and those of his country, as he interpreted them, above everything else.

As a result of the absolute control of state affairs by the monarchs, constant warfare occurred among the ambitious rulers. From the sixteenth to the eighteenth centuries, war seemed to be the normal condition; peace, the abnormal. The stakes fought for in these wars were colonies, commerce, and adjoining territory. War was an instrument of national policy. Since the absolute rulers conducted the affairs of state according to their interests, they expected their subjects to live according to certain ethical standards of conduct and to render absolute obedience to rules and decrees. The many wars, however, disturbed business conditions and increased the burden of taxation. Naturally, some people became dissatisfied with the way their rulers plunged the nation into war without considering the interests of the citizens. The absolute rule of the monarch began to be questioned, and the people demanded the right to have some voice in determining the policies of the nation. Discontent arose in some nations, and the enlightened groups began to suggest change and reform in domestic affairs, as well as in foreign relations.

The attacks on absolutism were made chiefly by reformers and philosophers. But their work was only one phase of a movement that was developing. This movement had its foundation in the thought that all aspects of culture should be based on *reason*. The

Enlightenment, as this movement was called, dominated European thinking during most of the eighteenth century.

The scholars of the Enlightenment found much in the institutions of their day that was irrational and indefensible. They sought to eliminate from organized religion all denominational dogma and superstition. The privileges, abuses, and inequalities in the social structure came in for scrutiny and attack. Much fault also was found with the economic conditions, particularly with the close governmental regulation of the national economy. As other aspects of the culture of the time were examined by the critics, absolutism in government was also put on trial. When absolutism was carefully tested by reason, it was found wanting in many respects. The reformers contended that inefficiency, inequality, insecurity, and insincerity had resulted from this system of government. The attacks on absolutism caused many people, especially merchants, lawyers, doctors, bankers, and shopkeepers, to desire sweeping changes in government. These people constituted the growing middle class of society. They began to work at changing their absolute monarchies, obtaining constitutions, and introducing representative institutions.

Some of the great thinkers of the time led the attacks on absolutism. One of these men was John Locke (1632-1704), an influential English political philosopher. In his *Two Treatises on Government*, published in 1690, he brought out two ideas that became the bases for the attack on absolutism. One was the idea of natural rights. According to Locke, men possessed certain natural, inalienable, and sacred rights that were inherent in the very order of nature. These consisted principally of the right to life, liberty, and property. Before government was established, all men living in a "state of nature" had possessed these rights. Because the rights were inalienable, government could not take them away.

Locke's second idea was that of the social contract. He noted that life in a state of nature had not been satisfactory. The strong had oppressed the weak, and no impartial judge was provided to settle disputes. Government was therefore necessary to maintain order and guarantee the enjoyment of man's natural rights. An agreement, or compact, was entered into by common consent, and a sovereign was set up with power to govern and enforce his power. Through this contract, the people gave up some of their rights to government but did not surrender their basic natural rights. The social contract, which establishes an organized society with a government, is bi-

lateral—that is, binding upon both parties. The government demands the obedience of the people, and the people expect the government to keep its part of the contract by not abridging their natural rights. If government violates these rights or rules tyrannically, the people have the right to overthrow the rulers. Hence, the people are the real rulers—that is, the custodians of “popular sovereignty.”

Locke's ideas were in direct contrast to the absolutism of the day. According to him, no government or ruler had supreme power; such power rested in the hands of the people. The situation is the opposite of absolutism: the people give the orders and the government obeys. In other words, the government exists to carry out the will of the people; the people are not to carry out the will of the government or rulers.

The doctrines of natural rights and social contract made a profound impression in France, where they were expressed most influentially. In 1762, Jean Jacques Rousseau (1712–1778) published the *Social Contract*, in which he adopted the ideas of John Locke and expressed them with such clarity that his book became a more effective piece of propaganda than the rather dry writings of Locke. A famous quotation shows the gist of his ideas: “All the rulers of the earth are mere delegates of the people, who, when they are displeased with the government, have the right to alter or abolish it.” The influence of Rousseau was tremendous. His *Social Contract* has been called the “Bible” of the French Revolution. The watchwords of the French revolt—“liberty, equality, and fraternity”—were taken from this book, and the middle class in France used his political teachings as justification for revolution.

Several other Frenchmen and reformers in other European countries were influenced by the new ideas and expressed their sentiments in favor of widespread reform in society. As a result of these attacks, the old social order in Europe began to totter. The decisive blow was struck in France in 1789, when the French Revolution erupted. The French people overthrew their absolute monarch, established a representative system of government, and inaugurated far-reaching and fundamental social and economic reforms. The revolutionary armies of France carried these reforms into adjoining countries, and later under Napoleon (1799 to 1815) virtually all of Western and Central Europe was under the control of France.

As a result of the French Revolution, fundamental changes took place in the relationship between the people and their rulers. Abso-

lutism gave way to popular sovereignty. The tremendous upheaval swept away the king, the aristocracy, and nearly all leftovers of medieval feudalism. Nationalism as it is known today may be dated roughly from the time of the French Revolution. The loyalty men had long reserved for king and lord was transferred to the nation. Henceforth, men were to be loyal to one another and to their fellow nationals. The Revolution meant not only liberty and equality but also national fraternity. The attachment formerly spread over many institutions now became more concentrated in the nation. Kings and dynasties and internal institutions might be changed and even discarded, but the nation was above mere internal organization. Hereafter, the nation was stronger than any dynasty, any king, any form of government, or any internal institution.

LIBERAL NATIONALISM For a time after Napoleon's defeat, rulers of European states tried to undo the reforms of the Revolution and suppress the spirit of nationalism. This effort was not successful; nationalism could not be suppressed. Nationalistic movements in West and Central Europe flared into open rebellion, and suppressed minorities began to assert their claims to national independence.

The type of nationalism replacing "absolutist" nationalism and dominating the thought and action of the nineteenth century is known as liberal nationalism. It included the acceptance of nationalism as the basis of the political state. It also held that all nationalities should determine their political allegiance and the form of their political and social institutions. Thus, liberal nationalism meant that every nationality should be allowed to determine its own destiny. The watchword was self-determination of nations. Furthermore, liberal nationalists believed in the doctrine of live and let live and were willing to grant to others the same independence of national life they demanded for themselves.

Liberal nationalism won some notable triumphs during the nineteenth century. Greece gained her independence from Turkey in 1829. Italy achieved national unity from 1859 to 1866. Prussia used diplomacy and war to lead Germany to national unification from 1865 to 1871. In 1878, Romania and Serbia gained their independence, and Bulgaria was made virtually independent.

Though liberal nationalism was a unifying force, it was also disruptive. Several subject nationalities lived in the Turkish, Russian, and Austro-Hungarian empires. These nationalities had never accepted their status as subject peoples but wished to express their

nationalism in the form of political independence. Nationalism, which unified Italy and Germany, tore apart the empires of Turkey, Russia, and Austria-Hungary.

The climax of liberal nationalism came with World War I. Woodrow Wilson's theory of self-determination for nations became the rallying cry of millions of people all over the world. The treaty settlements of that war brought national independence to Finland, Lithuania, Latvia, Estonia, Czechoslovakia, Poland, Yugoslavia, and Hejaz. The boundaries of Romania and Greece were drawn along rather clearly recognizable national lines. The way was prepared for the eventual independence of Syria, Iraq, and Palestine. In Asia and Africa, colonies of the imperialistic nations of Europe were stirred by the slogans of self-determination and democracy. In imitation of the Western peoples, they were now demanding national independence. Among those making this demand were Tunisia, Egypt, and India.

"INTEGRAL" NATIONALISM Liberal nationalism reached its highest development during World War I and in the peace settlements (1919) following that war. After 1919, however, liberal nationalism suffered some serious reverses.

First, several nationalities were not satisfied with the peace settlements, in spite of efforts of the peacemakers to recognize nationalistic aspirations. In some parts of Central and East Europe, nationalities were so intermingled that to determine the majority nationality was impossible. This situation led to discontent within some nations and to tensions in relationships among several nations. Further discontent resulted from loss of territory by the defeated powers when some of their people were transferred to other nations. For example, some Germans were transferred to Czechoslovakia and Austria, some Hungarians to Romania, and some Turks to Greece. These dissatisfied people and their nations were eager to change the peace settlements that had provided for these conditions.

Second, the establishment of the new states in Eastern and Central Europe created economic problems. The old Turkish, Russian, and Austro-Hungarian empires, even though containing discontented subject peoples, did represent extensive trading areas with uniform tariff and monetary systems. Each of the new states created from these empires established its own monetary and tariff systems. High protective tariffs and other trade barriers became common. As a result, instead of three large trading areas, there were more

than a dozen; and difficulties in trade constantly increased. This situation affected adversely the internal economy of each country, thus placing liberal nationalism on the defensive.

Third, a most significant reason for the decline of liberal nationalism was the failure of the League of Nations to provide collective security. Liberal nationalists had contended that there could be an international organization providing for the collective security of all nations and dealing with those matters of common concern. The League of Nations, while functioning successfully in many matters of a nonpolitical nature, failed in matters of major political importance. The League did not receive the support of the great powers; rather, they used it as a means of furthering their own interests. Thus, the League of Nations did not provide the means for establishing world peace and collective security so hopefully expected by the liberal nationalists.

As a result of these conditions, many liberal nationalists became disillusioned in the period after World War I. By the 1930's, liberal nationalism was no longer the dominant social force that it once had been in many national states. It was replaced by a more extreme form of nationalism—"integral," or totalitarian, nationalism.

Integral nationalism was characterized by extreme national and individual cultural uniformity and conformity. The individual was submerged in the group, and democratic processes were thrown overboard. Never before had there been such an extravagant form of national spirit as that displayed in those countries, particularly Italy and Germany, where integral nationalism was most highly developed.

Integral nationalism did not concede to others the independent national life it demanded for itself. The doctrine of self-determination was therefore rejected. The integral nationalists admitted frankly that they would destroy the freedom and independence of other nations if their own national interests would be advanced thereby and if those nations were not strong enough to defend themselves. At the same time, integral nationalism would tolerate no international restraints upon its own sovereignty.

Millions of people have been influenced by integral nationalism. The defeat in World War II of those countries sponsoring the system might in time temper its spirit somewhat. Nevertheless, whatever the brand that nationalism may display, the nationalistic spirit among peoples of some areas of the world is a powerful force in influencing them to establish sovereign, independent states.

NEW NATIONAL STATES AFTER WORLD WAR II In recent years, the strength of the spirit of nationalism has been evidenced in the creation of independent states by some people who had been in colonial subjection to European powers for many decades. Two World Wars in the twentieth century diminished the power of European nations over their subject peoples. As stated previously, after World War I a number of new states were created, particularly out of the Russian, Austro-Hungarian, and Turkish empires. World War II also hastened the movement of subject peoples to determine their own political destinies. The national spirit had been developing for some time in Europe's dependencies. Many of the colonial leaders had been educated in the universities of Europe and the United States and had come in contact with the doctrines of Western democracy. As World War II progressed, some of the dependent peoples saw their opportunity to realize their ambition for independence. The colonial leaders who had been educated in the West directed the aroused nationalistic spirit. They logically and strategically demanded that the principles set forth in various statements, such as the Four Freedoms and the Atlantic Charter, should apply to their peoples as well as to Europeans and Americans.

The colonial ferment was not confined to any particular area of the world. Parts of southern and eastern Asia were affected by the movement, out of which came the new states of India, Pakistan, Ceylon, Burma, Vietnam, Laos, Cambodia, and Indonesia. Changes in the status of colonial areas took place in the Near East. Syria, Lebanon, and Jordan were given sovereignty and independence. A new status was given to Palestine with the creation of the Jewish state of Israel. By this achievement, the Jews realized the objective of the Zionist movement to set up a national state for the Hebrew people. Although no new states emerged in central and southern Africa, nationalism developed as a potent force that wrested concessions from the dominating powers and enabled the dependencies to exercise greater self-government than formerly. In northern Africa, Libya was granted its independence by action of the United Nations Assembly, and Eritrea, with a self-governing status, was joined to Ethiopia. Elsewhere, in Kenya, terrorist natives began active resistance to the colonial government.

The revolt of colonial areas against Western domination was not surprising. Although these areas had large populations, they had been made dependent largely because of their inferiority in tech-

nology. But when colonial leaders had once adopted techniques of Western science and when the long-submerged spirit of nationalism was directed into effective political action, the status of colonial areas was bound to change.

The emergence of the new national states demonstrates the continued force of the spirit of nationalism. In areas of the world where dependent people are still subject to the domination of foreign powers, the force of nationalism is continuing to work toward the creation of more independent states. Liberal nationalists still consider that the ultimate goal of every national group should be national sovereignty. On the other hand, some students of world affairs today are questioning the desirability of creating more and more national entities. These students contend that the process enhances political fragmentation at a time when the needs of the world appear to be for larger political groupings, more international co-operation, and a greater degree of interdependence of nations than has existed in the past.

THE EXECUTIVE FUNCTION AND THE MODERN STATE

Considerable attention has been given in the foregoing material to the spirit of nationalism as an attribute of the modern state. Quite naturally a force of some kind had to draw people together to form a nationality. At the same time, some organized effort was necessary for a nationality to attain its objectives. This organized effort was the government.

When the modern state emerged in the fifteenth century, the point of authority of government and power around which the people rallied was the absolute monarch as chief executive. Power was centralized in him, and he performed for the state the functions of government—that is, he was the “doer” of the functions of government. As the modern state evolved, other phases of civil government developed. From the exercise of power by the executive, there have been established governmental agencies that give effect to public opinion and encourage popular participation in governmental affairs, both of which result in control of government by the people. The evolution of government from the executive is shown in the following diagram.

The diagram may be explained as follows: Government, in the form of the executive (1), takes effect. The executive has, or soon

for their attainment. Thus the elaborate administration that characterizes modern government develops. The executive in the modern state faces the problem of providing central direction and guidance for the administrative organization.

Second, agencies are developed to guide and direct the government in determining policies and objectives to be followed—the policy-making function. (This development is considered in the next chapter.) No clear-cut division can be made between the structures of these two general types of development. Behind all of the elaborate forms of modern government—that is, administrative and policy-making organization—the central concept of the executive as the “doer” in carrying out the functions of government remains.

One of the foremost scholars of the presidency of the United States makes the following comment on the nature of the executive:

... whereas ‘legislative power’ and ‘judicial power’ today denote fairly definable *functions* of government as well as fairly constant *methods* for their discharge, ‘executive power’ is still indefinite as to ‘function’ and retains, particularly when it is exercised by a single individual, much of its original plasticity as regards *method*. It is consequently the power of government which is most spontaneously responsive to emergency conditions, conditions, that is, which have not attained enough of stability or recurrency to admit of their being dealt with according to rule.¹

SUMMARY

The feudal system of medieval times was a decentralized political arrangement that arose when the centralized authority of the Roman Empire disintegrated. The relationships between the feudal lord and his vassal were based upon land-holding (*fief*) and personal contract (*vassalage*). Both lord and vassal had obligations under this relationship, and these obligations formed the basis of a certain amount of unity and fealty in the feudal community. As a governmental system, feudalism made no provision for the common people to participate, and its lack of centralized authority resulted in constant warfare among the feudal lords.

Feudalism declined when the Commercial Revolution inaugurated revolutionary changes in economic conditions and when powerful feudal lords became recognized as kings. The early mod-

¹ Edward S. Corwin, *The President: Office and Powers* (New York: New York Univ. Press, 1948), p. 1.

ern national state emerged in West Europe during the fifteenth century. In its early stages, the modern state was ruled by an absolute monarch, who had the power of life and death over his subjects and who determined all policies of state, domestic and foreign. Absolutism often did not function in the interests of the people of the state. Discontent and disaffection among the people reached a climax during the eighteenth century, when the French Revolution occurred. As a result of the changes in France and other countries of Western Europe, popular sovereignty replaced absolutism as the basis of sovereign power in the modern state.

The rise of the modern state was characterized by the element of nationalism—a feeling of unity among the people of a nation causing them to identify themselves as distinct from other nationalities and embodying a strong loyalty to the state or nation. At the time of the emergence of the modern state, the people gave their loyalty to the absolute ruler; hence, this type of nationalism is referred to as absolutist nationalism. After the French Revolution, the loyalty of men was transferred to the nation or to themselves as a national group. We speak of this type of nationalism as liberal nationalism. During the twentieth century, there developed in some countries of the world an intense nationalism in which loyalty was given to the state. This type of nationalism—integral nationalism—submerged the individual and his rights into the state as a force in society that overshadowed everything else.

The spirit of nationalism has been one of the primary forces in the creation of new states during modern times. From the fifteenth century to the present, sovereign states have come into existence. When dependent people become influenced by nationalism, their chief aspiration is to become independent and to establish a sovereign state. Thus the process continues as long as there are people who desire to reach this goal.

When the modern state emerged, the power of government was in the hands of the ruler as chief executive. He exercised authority and was the “doer” of the functions of government. As civil government evolved, it was found that one man alone could not fulfill the functions of government. Assistants, advisors, and other agencies were required to assist him. Other agencies were developed to guide and direct the government in determining policies and objectives to be followed—that is, to carry out the policy-making function of government.

QUESTIONS

1. Distinguish between fealty of medieval times and nationalism of modern times.
2. Why were the countries of West Europe the first to emerge as modern national states?
3. What part did the middle class play in the development of the national state?
4. What attacks were made upon absolutism by the philosophers of the eighteenth century?
5. What was the importance of the French Revolution in the overthrow of absolutism and the development of nationalism?
6. Contrast liberal nationalism with the nationalism prior to the French Revolution.
7. List the chief characteristics of integral nationalism.
8. Enumerate the new national states that were created after World War II. What influence did the war have upon the emergence of these new states?
9. What is the main function of the executive in the modern state? What provides the guides for the executive to carry out his function?

DISCUSSION

1. If nationalism as a social force is a degree of cultural unity and a consciousness of that unity within a given group, what are some evidences of cultural unity which distinguish the people of the United States?
2. Rank the conditions that contribute to the feeling of nationalism in the United States in what you consider the order of their importance today. Justify your decisions.
3. Are John Locke's two ideas, which he presented in his *Two Treatises on Government*, supported in practice by the people of the United States today? Explain your answer.
4. "The need of the world today is for a world state rather than for more national states." Give reasons for your agreement or disagreement with this statement.
5. The English use the term *government* to mean the executive branch, the cabinet. In what sense is this a correct usage?

TERMS

Anarchy: A state of society where there is no supreme power; absence of government.

Civil service: The body of workers, other than military personnel, employed to carry out the functions of government.

Cultural unity: See Chapter 3, but in this chapter the term refers to the sum total of ways of living built up by a national group, binding the members of the group together, and transmitted from one generation to another.

Natural rights: The inherent privileges that are considered to belong to man by the law of nature; such rights, being inherent, cannot be taken from man.

Political entity: A territory and people having a unit of government with the ability to carry out the functions of government that are somewhat less than sovereign or completely sovereign.

Popular sovereignty: Ultimate political authority and power vested in the people as a body.

Self-determination: The decision by a people or nationality as to the form of government they shall have, a decision made without reference to the wishes of any other nation.

Social contract: An agreement, expressed or implied, existing between the members of a political society for the regulation of their relations with one another and with the government.

Sovereignty: Supremacy in rule or power; the power which, in the final analysis, determines and administers the government of a state.

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The development of representative government is tied closely to the evolution of the national state and the theory of popular sovereignty. During the period of the Enlightenment, one of the aims of the reformers and philosophers who attacked the absolute power of kings was to establish representative government. The middle class and the common people aligned themselves against absolutism and succeeded in many nations in transferring political control from the crown to a representative assembly of the people. The first nation to lay the foundation for such a system of government was England. From there, it spread to other countries in Europe and the rest of the world. The French Revolution provided an impetus for setting up in various countries governments in which the people had either direct or indirect influence. The United States was influenced by events in Europe in this respect, a fact which accounts in part for the system of government established by the *founding fathers*. The *English heritage made it possible* for the United States to set up a government in which the people had a voice without resorting to a long period of violence or a long experience of trial-and-chance.

ENGLAND, THE MOTHER OF PARLIAMENTS

Magna Carta

The foundation of modern representative government goes back to the feudal system. Under this system, the serfs and other persons of the lower classes, who made up about 90 per cent of the population, had no political rights. Hence, the mass of people did not count governmentally.

As we have noted in the preceding chapter, lords and vassals en-

tered into agreements among themselves. These agreements, which dealt with such matters as reciprocal services and duties and the holding and use of land, were known as feudal contracts. Both lord and vassal were bound by the terms of the contract. Drawn up in the proper legal form, it stated precisely the nature and extent of the obligations and privileges of each of the contracting parties. In England, the greatest of all feudal lords was the king, and he, as well as the other lords, was bound by feudal law to live up to the terms of the contracts that he had made.

Of course, some English kings violated these contracts. The greatest offender in England was King John, who ruled during the early part of the thirteenth century. His absolutism and tyranny caused the barons of England to rise against him and force him to issue the Magna Carta in 1215. Much that is without foundation has been ascribed to this historic document. Contrary to popular opinion, it was not a document of human liberties: it did not guarantee basic rights to the mass of people. The barons who forced the king to sign the document had no concern for the rights of serfs and others. One looks in vain for such matters as jury trial in criminal cases, the right of habeas corpus, the approval of taxes through representatives of those taxed, or other principles of democracy considered significant today. The Magna Carta contains numerous references to feudal rights and responsibilities. These stipulations were matters that concerned the privileged classes—that is, the lords and vassals—and not the great mass of people living in England in 1215.

The Magna Carta's one basic principle of later democratic significance was that the king is an Englishman and, like all other Englishmen, *must obey the law*. The basic principle that all persons, regardless of rank, must obey the law has become a priceless heritage to all English-speaking people. The implication of this basic principle today is that no official, no executive, no court, and no legislative body can set itself above the law. Since it contains the first great statement of limitations on governmental authority, the Magna Carta is an important medieval contribution to the development of representative government.

Curia Regis

THE HOUSE OF LORDS A second medieval contribution to representative government was the growth of assemblies in which the people of the nation were represented. The idea or principle of popular representation was present in ancient Greece and Rome,

but the representative system developed in Western Europe during medieval times owed little, beyond ideology, to the Greeks and Romans.

The British Parliament may be considered the mother of democratic parliaments and assemblies the world over. This Parliament consists of two houses—the upper, or House of Lords, and the lower, or House of Commons. The House of Lords developed from the Great Council, or Curia Regis, of the medieval kings. The left side in the accompanying diagram shows how the Curia Regis devel-

DEVELOPMENT OF PARLIAMENT IN ENGLAND

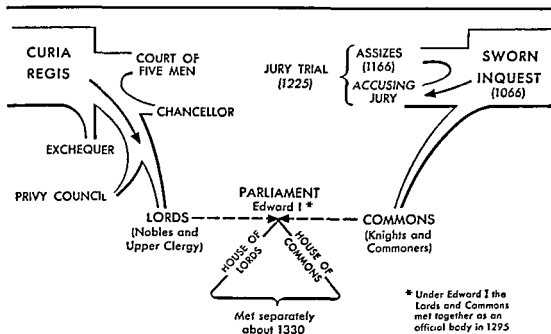


Figure 21

oped into some of the administrative offices of England and into the House of Lords.

ADMINISTRATIVE OFFICES The Curia Regis was a feudal council composed of members of the upper nobility and higher clergy and, in its earlier days, was completely subservient to the will of the king. Its duties were largely those of advising and assisting the king in the judicial, administrative, and legislative activities of government. In the course of time, the Curia Regis underwent many changes. One of the first offices to develop from the Curia was the exchequer. This office, which handled the finances of the kingdom,

grew into the Chancery of the Exchequer of today. Judicial matters came to be handled largely by the Court of Five Men, which grew eventually into the system of courts of the central government in England. The Chancellor, originally a royal secretary, exercised the functions of the king when the latter was absent from his duties. This office developed into some of the executive departments or ministries of the modern English government. The Privy Council was a small body of the intimate advisers of the king. At one time it had vast legislative, executive, and judicial powers, but these powers were gradually absorbed by other agencies of the English government. The powers of the Curia Regis increased and its relation to the crown was modified, with the result that it developed into the House of Lords.

The Sworn Inquest

The right side of the diagram illustrates how the House of Commons evolved as a branch of the British Parliament. The sworn inquest was used by the English feudal kings to help them rule. They sent agents to local communities, where a representative group of citizens, known as a jury, were summoned. Matters about which the crown needed information were put before this body. Three main institutions developed out of the sworn inquest—jury trial, English common law, and the House of Commons.

JURY TRIAL The agents of the king also served as itinerant judges, inquiring about crimes that had been committed in the community. On the basis of the testimony, accusations were made against those suspected of having committed crimes. In this respect, the sworn inquest served as an accusing jury. The judges issued assizes—orders requiring those accused of crime to appear before them. In the course of time, persons accused of committing crimes demanded a hearing before their peers or equals. Accordingly, a group of citizens of the community were selected to hear the testimony presented against the accused person and decide his guilt or innocence. Thus both the accusing jury and the trial jury evolved from the sworn inquest.

ENGLISH COMMON LAW An important outgrowth of the judicial activities of the sworn inquest was the evolution of English common law. The agents, or itinerant judges, of the king were thoroughly trained in the law and judicial procedure of the time. These justices

rendered decisions on the basis of customs and legal procedure that had developed in England. Thus a uniform law was slowly evolved for all England. More significant than the mere development of this law was the influence it and the common-law lawyers had upon government, for law became a barrier restricting arbitrary practices of the crown. Lawyers and justices became conscious of the duties and responsibilities imposed upon them in the maintenance of the law. At various times, when kings and other powerful men sought to act contrary to the law, the justices called attention to the violations and declared that the king, like all other Englishmen, had to obey the law of the land. In this way, the growth of common law aided in restricting royal power and contributed to the development of democracy.

THE HOUSE OF COMMONS Another development—the House of Commons—growing out of the sworn inquest began when the king summoned some of the members of the local juries to him rather than sending his agents to them.¹ The representatives of the juries met with the *Curia Regis*, and the king's clerks began to call such a gathering "Parliament." The kings summoned the Parliaments for various reasons, the outstanding one being to obtain approval for levying taxes. The consent of Parliament for this purpose was not necessary at that time, but taxes could be collected more easily if the members of Parliament gave their consent.

Sometimes the kings did not spend the tax revenue for the purpose expressed at the time at which they asked for the taxes. Some kings created popular discontent by their extravagance, mismanagement, and costly wars. One of these kings was Henry III (reigned 1216–1272). The disaffection of his subjects grew into open revolt by the nobles, who were led by a relative of the king, Simon de Montfort. Among other things, the nobles demanded that the king call a Parliament for the purpose of reorganizing the English government. In addition to the nobles, clergy, and representatives of the juries, de Montfort arranged for summoning representatives of the merchants or middle class. Although the plan for reorganizing the government did not materialize, Simon de Montfort's Parliament supplied the pattern of representation for future Parliaments. In 1295, King Edward I, the successor of Henry III, called the

¹ When this practice first started is not known. Evidence indicates that it was used as early as 1188 by King Henry II. Afterwards members of local juries were summoned to the king intermittently until the time of Edward I (reigned 1272–1307), who made it a regular practice.

Model Parliament, and from that time the idea of a representative assembly became fixed in England.

These early Parliaments were typical medieval assemblies. At that time, society was divided into estates. The First Estate was composed of the higher clergy—archbishops, abbots, and friars. The Second Estate was made up of the nobility—divided into the upper nobility, such as dukes, earls, and counts—and the lesser nobility, or gentry—the knights, who were the representatives of the juries. The Third Estate was made up of the commoners from the towns. These were the people who were represented for the first time in Simon de Montfort's Parliament. Shortly after the Model Parliament, representatives of the lesser clergy were added to Parliament. They were chosen by the assembly of the clergy, known as the Convocation.

All representatives of the three estates met in one body; hence, the English Parliament at the time was a unicameral legislature. The knights, lesser clergy, and the commoners were much in the background as long as they met with the upper nobility and the higher clergy and were led by them. Listening to the requests and reports of the king's officers was no doubt tedious and uninteresting to the knights and the commoners, to say nothing of the lesser clergy. They had left shop, farm, and parish to come to Westminster not because they wanted to, but because the king had demanded their presence. Quite naturally, they wanted the king's business to be completed as quickly as possible in order to get back to their homes and occupations.

During the early part of the fourteenth century, the lesser clergy petitioned the king for the privilege of nonattendance. They promised to vote their share of money for the crown in their own assembly, the Convocation. The king saw no valid reason for not granting the request, since he was interested chiefly in getting revenue. About the same time, the lesser nobility (knights) and commoners realized that they had many common interests. They were the ones who carried the burden of royal taxation and were interested in the purpose for which the revenue was spent. Furthermore, they brought to Parliament petitions from the people, whom they represented, for redress of grievances. For these reasons as well as others, the knights and commoners became increasingly interested in affairs of government. They were overshadowed, however, by the upper nobility and higher clergy. A unicameral assembly afforded little opportunity for freedom of debate and action. Because of this situa-

tion and the realization of their common interests, about 1330 the knights and commoners requested the privilege of meeting separately from the nobles and clergy. The king granted this request, since he did not realize the possibilities inherent in such a move; he was confident of his own strength. From that time, Parliament became a bicameral body.

SUPREMACY OF THE ENGLISH PARLIAMENT

The establishment of a two-house assembly did not immediately result in making Parliament the supreme branch of government in England. Gaining the position of supremacy held today by Parliament required a long hard struggle with the crown. The most effective means of checking the power of the king was the strength of the nobles. They had wealth, their own armies, and considerable influence, which, unfortunately, was not always used for the common good. The power of the nobility, however, was weakened almost to the vanishing point by a long civil war between the noble families. This war, called the War of the Roses, lasted from 1455 to 1485. Most of the upper nobility lost their lives in the war, and the few remaining nobles were unable to regain their former powers.

The Tudor family² which emerged from the War of the Roses as the ruling dynasty, succeeded in building a strong monarchy but used their power to maintain law, order, and national prosperity. In general, the people of England were contented and therefore supported the Tudor sovereigns.

The Struggle between King and Parliament

When Queen Elizabeth, the last of the Tudors, was succeeded in 1603 by the Stuart dynasty,³ a bitter quarrel began between Parliament and the crown. The Stuarts encroached upon the powers and rights of Parliament and attempted to rule without a representative assembly. A civil war broke out in 1642, and after several years of fighting, the parliamentary forces won, and then beheaded the king, Charles I. From 1649 to 1660, the English attempted a republican form of government, with Oliver Cromwell as the chief official. The establishment of a republican form of government was a distinct break with English tradition, and the period of the republic was a

² The Tudor rulers were Henry VII, Henry VIII, Edward VI, Mary, and Elizabeth I.

³ The Stuart rulers were James I, Charles I, Charles II, James II, William and Mary, and Anne. The Stuarts reigned from 1603 to 1714.

time of widespread discontent. The republican leaders, who were champions of liberty against the former king, were forced to rule in a more autocratic fashion than had the autocrat they beheaded, and Cromwell's rule was, in effect, a military dictatorship. Shortly after his death, the English people were ready to return to their traditional form of government.

They welcomed the return of the royal family in May, 1660. Charles II, the son of the beheaded king, had been "traveling" in Europe and, after being placed on the English throne, became quite amenable to the wishes of Parliament, since he "did not wish to go on his travels again." Significant developments during his reign had a bearing upon the growth of representative government. The monarch could no longer impose taxes without parliamentary consent, make laws by royal proclamation, nor establish arbitrary courts to mete out justice as he commanded. On the other hand, the king still possessed considerable power—for example, he commanded the militia and could veto laws. Furthermore, Parliament could not compel him to do its will, though it could depose him. Power now was shared by the crown and Parliament. As long as co-operation prevailed, the situation was satisfactory.

THE TEST ACT Other significant developments resulted from the king's attempt to restore Catholicism in England. The English had broken away from the Catholic Church during the Protestant Revolt of the sixteenth century and had enacted laws against Catholicism. Charles II made a bargain with King Louis XIV of France to re-establish Catholicism for an annual payment from the French government. When the king suspended the anti-Catholic laws by royal proclamation, Parliament passed the Test Act (1672), which excluded all Catholics from holding public office. An unsuccessful attempt was made also to exclude James, a Catholic, from succeeding his brother Charles to the throne.

RISE OF POLITICAL PARTIES An important consequence of the controversy over the Test Act was the rise of political parties. To prevent Charles from carrying out his pro-Catholic program and to advance their own interests, some members of the House of Commons formed the Whig Party. The Whigs stood for the supremacy of Parliament and the interests of the business groups. Although also opposed to the pro-Catholic program of Charles, the Tory Party was formed to oppose the Whigs. This party stood for a strong monarchy and the interests of the landed aristocracy. The

Whigs and Tories were the first modern political parties; hence, England may be considered the source of political parties as they are known today. Indeed, the organization and tactics of the Whig and Tory parties have served as patterns for political parties in other countries.

THE GLORIOUS REVOLUTION AND THE BILL OF RIGHTS In 1685, Charles II was succeeded by his brother, James II. At the outset of his reign, James got into difficulty. Being a Catholic, he tried to coerce Parliament into repealing the Test Act, and he attempted to intimidate the courts. By royal order, the king suspended all laws against Catholics and endeavored to appoint them to office. To oppose the autocratic king, the English put aside party and factional differences and united in removing James from the throne. An invitation was extended to William of Orange, ruler of the Dutch, to become the sovereign of England.

Two reasons prompted the English to choose William as their ruler. First, he was considered the champion of Protestantism in Europe; and second, he was the husband of Mary, the older daughter of James II and the Protestant next in line to the throne. During the autumn of 1688, William landed in England without opposition and forced James II to flee to France. James was forsaken by his army and found virtually no support among the English people. Parliament offered the crown to William and Mary as joint sovereigns, but the offer was contingent on their acceptance of the Bill of Rights.

The Bill of Rights is a significant document in the history of English-speaking people, rivaling in importance the Magna Carta by making provision for the protection of human rights and liberties not provided by the Magna Carta. Briefly, the Bill of Rights states that (1) *the consent of Parliament must be given to all taxes levied in England*, (2) *the operation of laws cannot be suspended by the king*, (3) *freedom of speech in Parliament is assured*, (4) *excessive bail is not to be required*, (5) *the king must be a Protestant*, and (6) *frequent sessions of Parliament must be held*. This document has had great influence on the development of representative, constitutional government. The new State constitutions in the United States after 1776, the first ten amendments to the Constitution of the United States, and the French Declaration of the Rights of Man embody many of the clauses and concepts of the Bill of Rights.

The overthrow of James II is known as the Glorious Revolution.

The old line of kings had been deposed, and the conditions for English sovereigns to rule in the future were laid down. These achievements were accomplished without bloodshed. The Glorious Revolution brought to an end the long struggle between kings and Parliament, with Parliament emerging the dominant agency in the British government.

The English Cabinet System of Government

As the very heart of the British governmental system, the Cabinet is the life center of British democracy.

In considering the structural development of the Cabinet, we need to refer again to Figure 21. The Curia Regis, as a council of the king, had general supervisory powers and continued to increase in size and authority. After the House of Lords and House of Commons met separately, a section of the Curia Regis became known as the Privy Council—a body made up of the chief advisers of the king. Gradually, the Privy Council so increased in size that it became unwieldy and ineffective as an agency of government. By the time of the early Stuart kings, only the leading members of the Privy Council were consulted about the affairs of government. These members formed an inner circle or group and became the important advisory and policy-forming body of the government. Various names were used to designate this group, but the one that became generally accepted was "Cabinet."

More important than its structural development is the manner in which the Cabinet functioned. After the formation of political parties, the monarchs were able at first to keep the parties from exerting much influence in governmental affairs. In time, however, the kings found themselves forced to recognize the political party as a definite force in British politics. Particularly after the Glorious Revolution, political parties realized that the way to influence governmental policy was to obtain control of the House of Commons rather than to control the king, since the party obtaining control of Parliament could compel the king to choose his ministers from its members. The king called upon the leader of the majority party for advice and for the selection of members of the Cabinet and other members of the ministry. The majority party leader was recognized as the leading member of the Cabinet or ministry—that is, the Prime Minister.

From this practice, the English developed their responsible government of the present. The term *responsible government* has a par-

ticular meaning in connection with the English system of government. The members of the Cabinet and the ministry are members of Parliament, either as peers in the House of Lords or as commoners in the House of Commons. Cabinet members and ministers are responsible to the Prime Minister for every official act they perform. Acting as a group, the Prime Minister, the cabinet members, and ministers are responsible to the House of Commons, which is now the more powerful of the two houses of Parliament. As long as the Cabinet stays in office, it determines the policy of the English government. It may remain in power as long as it retains the confidence of a majority of the members of the House of Commons, or until the term (five years) of the members expires and a new election takes place.

If at any time within the five-year period the Cabinet can no longer command the support of a majority in the Commons, the Prime Minister and his fellow ministers must resign or appeal to the voters in a new election. Precedent for this practice was set in 1742, when Robert Walpole, the first Prime Minister, resigned after the loss of his majority in the Commons. The practice removes the possibility of a conflict between the legislative and executive branches of government. The essence of cabinet, or parliamentary, government is that the executive is responsible to the legislature—the representatives of the qualified voters of the nation.

THE DEVELOPMENT OF REPRESENTATIVE GOVERNMENT IN THE UNITED STATES

Representative government in the United States is based to a large extent on English experience. More than half of the English colonies in North America were founded during the time of the struggle between the Stuart kings and Parliament. Most of the Englishmen who came to America supported the rights for which Parliament was contending. Among these was the right of the subjects of the king to have a share in the management of government. In particular, stress was placed upon the right to choose from among themselves representatives to vote taxes necessary to support government.

Early Assemblies

The first representative assembly in the colonies was established in 1619 at Jamestown, Virginia, when the governor of Virginia

called such a body to assist in the conduct of government. Two representatives from each plantation (later county) were sent to the House of Burgesses. This body, which later became the legislature of the State of Virginia, is claimed to be the next oldest representative assembly in existence, after the parent Parliament in London.

The second representative assembly in America resulted from the experiences of the Pilgrims in Plymouth Colony. Before the *Mayflower* landed her passengers at Plymouth Harbor on December 21, 1620, the Pilgrim Fathers—forty-one of them, at least—signed the famous "Mayflower Compact." By this action, they bound themselves into a "civil body politic" for their better ordering and preservation. Simplicity was the rule in establishing their government. At first, all of the men who signed the "Mayflower Compact" met together as an assembly in a town meeting. They chose the governor, made the laws, and admitted such newcomers as they desired to the full privileges of citizenship. Later, as the number of settlements grew, a representative assembly, called the General Court, was instituted to take care of matters pertaining to the entire colony. Local affairs continued to be handled in town meetings.

Eventually representative assemblies were established in each of the thirteen English colonies. The general pattern of the assemblies was the same in all colonies. Each colonial legislative body was composed of two houses. The upper house was an advisory body to the governor, as well as a branch of the legislature, and the lower house represented the people of the districts from which the members were elected. Increased power came to be lodged in the hands of the representatives, particularly as they asserted their right to control the financial affairs of their respective colonies, as the House of Commons did in England. Governors were inclined to heed the will of the assemblies, because they were well aware that voting appropriations for their salaries was a function of these representative bodies.

When British authority began to break down during the Revolutionary War, the people in each colony took steps to establish a government of their own. In general, a constitution was framed and adopted, and this organic law made provision for continuing the colonial practices of representative government. The people felt that they had passed through an unfortunate experience with a government in which the executive (king of England) was too powerful. Hence, the governors of the new States were limited in

their powers, and greater authority was given to the State legislatures—the representatives of the people.

Articles of Confederation

At the time the States were forming their governments, a central government was being established for the United States. The Articles of Confederation, the first constitution of the United States, was based upon the principle of the sovereignty of the States. As a result, the central government was weak in power and organization. The Congress consisted of only one house, and representation was by States, each State sending from two to seven delegates but having only one vote. Inadequate powers were delegated to the Congress. It had no power to raise revenue by taxation, to regulate interstate commerce, or to coerce the individual or the State if national laws were not obeyed. The Articles made no provision for separate executive and judicial departments, the functions of the three traditional branches of government being combined in the Congress. As a result of its weakness and ineffectiveness, the central government soon degenerated into a governmental body commanding little respect from the people. The lack of a strong central government influenced the calling of the Constitutional Convention in 1787 to provide for an effective national government.

The Constitution

Tradition and experience served as guides for the framers of the new Constitution. They reverted to the two-house legislature and re-established the principle of basing representation upon popular sovereignty in the House of Representatives, while the States continued to be represented equally in the Senate. A separate executive department was created, with a President as chief executive. Unlike the British parliamentary type of government, the American government makes the President responsible not to the representative assembly (Congress) but to the people. This system is referred to as presidential government, rather than responsible, or parliamentary, government. The judiciary also was established as a separate department and given jurisdiction over several kinds of cases that come before the courts. Having provided for the structure of government, the framers of the Constitution gave the new government ample power and authority to act in matters of national concern. The principle and practice of representative government thus became firmly established in the United States.

British and American Governments Compared

The development of representative government in the United States reflects strongly the influence of the English experience. The two houses of the national Congress are suggestive of the two houses of Parliament. The powers of the President are much like those exercised by the British crown before the rise of cabinet government. The Bill of Rights of the Constitution of the United States incorporated some of the principles of the English Bill of Rights. Congressional procedure in the United States follows British procedure in Parliament rather closely. The British and colonial experience can be detected in the governments of the States, although adaptation to conditions of the American environment had to be made. These differences are readily discernible in organization and functions of the State and local governments.

Although the British and American developments are similar in many respects, some dissimilarities are evident. In the United States, written constitutions are used as the basic organic law for both the national and State governments. In Britain, such documents do not exist in the same sense that they do in this country. A federal system of government was established in the United States, whereas the British developed a unitary system. A federal system of government is one in which sovereign powers are divided between the State governments and the national government. In Great Britain, all powers are lodged in the central government. Counties, cities, or towns are merely subdivisions or administrative units of the central government. In the United States, the Senate was made an elective body, not, like the House of Lords, hereditary. Although the British government is one of legislative supremacy and cabinet or ministerial responsibility, the government of the United States is one of separation of powers and of checks and balances between the three departments of government—legislative, executive, judicial.

THE REPRESENTATIVE FUNCTION OF GOVERNMENT*Nature of the Representative Function*

The assumption on which representative government rests is that decisions about public policy should express as nearly as possible the sentiments of the people. This process is carried out by an assembly of representatives from various constituencies. The representatives discuss and debate the different points of view of their

constituents (the people whom they represent) and use their own judgment in arriving at policy decisions. The people in turn pass judgment on these decisions in elections. The representative assembly may play an advisory role, providing the connecting link between the executive and the people. It may also have a supervisory role, functioning to "check up" on the executive and thereby restricting any digression from the general interest.

The constantly expanding area of governmental activity, both geographically and functionally, has brought new problems and responsibilities to the representative assembly. This evolution has practically ended direct democracy—people themselves meeting to decide issues. In its place, the representative form has developed as an essential in modern democracy. The legislature is expected to speak the voice of the people, and the individual legislator becomes the spokesman of the people who have chosen him. Therefore, representative government performs two functions in the modern state. In the first place, it provides for the formation of basic public policy through a process of deliberation by competent men. In the second place, it provides for a form of democracy where direct democracy has ceased to be practicable. Thus, the representative assembly is a device designed both to improve and work with the executive and to replace direct action of the people in government.

The Problem of the Constituency

A major consideration in representative government is the problem of constituency. In a state where the people of a community are homogeneous in background and have common interests, the question as to whom a representative ought to represent can be answered easily. Each community has a spokesman to represent its interests. Thus the single-member district, a basis for representation in which one representative is chosen for a geographical district, was considered in the early history of the United States an essential characteristic of representative government.

Community homogeneity, however, broke down with the spread of industrialism, and the single-member district can no longer be defended with the community-representation argument. From the standpoint of governmental policy, the district has come to be a collection of persons of diverse interests, which are often in conflict. Furthermore, interests often cut across district lines, and the representative is faced with the difficulty of representing adequately these diverse and extensive interests.

The use of the single-member district has the effect of leaving minorities unrepresented. If a minority is so large as to get only one vote less than the majority, it still does not get any representation. Of course, minorities of all parties get the same treatment in this respect. The arrangement, however, does not assure representation of the varied interests of the district.

PROPORTIONAL REPRESENTATION Various proposals have been advocated to meet the problem of the constituency. One is that proportional representation should replace the single-member district. The basic argument for proportional representation is that, since one representative cannot speak for the many different interests in a district, every minority should be given representation in proportion to its relative strength. The plans by which elections are carried out under proportional representation are varied and complex. Proportional representation has not been used extensively in the United States, although some cities have used the plan in their local elections.

OCCUPATIONAL REPRESENTATION Functional or occupational representation is a second proposal for solving the problem of the constituency. In this plan, the geographical district is replaced by vocational groups, which send their representatives to the legislature. In other words, function replaces both the territorial community and its people as the basis for representation. This system is complicated in its procedure, and the finding of common interest in such a legislature seems highly improbable. Mussolini's corporate state in Italy in the 1930's used occupational representation.

DIRECT LEGISLATION A third proposal, direct legislation, has been advocated as a possible means of curing the ills of representative government. In this procedure, which bypasses the legislature and permits direct popular lawmaking, a petition must be signed by a stipulated percentage, 5 to 10 per cent, of the voters. The legislative proposal indicated on the petition is then placed before the voters in a general election. In this way, it is determined whether a law previously passed shall be repealed (referendum) or whether a new law shall be enacted (initiative).

Several adverse criticisms have been made of direct legislation: that it lays an additional heavy load on an already overburdened electorate, that modern legislative issues are too complex for the

average voter's intelligent evaluation, that it is a device easily exploited by special interest groups, and that it sacrifices the unifying influences of the political party and legislature. Direct legislation, however, does serve as a means of testing popular sentiment on public issues directly.

PARTY RESPONSIBILITY A fourth proposed solution of the problem of the constituency is that in the two-party system the political party should assume responsibility for defining the national interest on issues. In such a party government, the representative would be a spokesman for party policy instead of for the interests of the single-member district. He would be charged with the explanation, promotion, and defense of that policy. The party, in turn, would protect and help him in his election campaign. To make this change would mean to raise the national interests over the local. In England, the political party effectively controls, as well as protects, its members in Parliament. In the United States, however, parties have not pressed for national leadership to this extent; the success of the representative is measured almost entirely by how effectively he advances the interests of his district.

The Problem of Procedure

Another major problem in representative government is that of procedure. This problem arises from two opposite tendencies. On the one hand, policy matters faced by the government have come to demand quick and decisive action and are complex. The other tendency is within the legislature itself; it consists of self-involvement with rules of procedure, organization of party strength, and other internal problems, so that the assembly tends to become less and less able to make policy. The problems of procedure have been responsible to some extent for the trend toward policy-making by other bodies, such as pressure groups, political parties, and executive agencies.

The United States House of Representatives reflects the procedural problem. A body of 435 representatives from single-member districts is elected for only a two-year term. It therefore always contains a large sprinkling of newcomers. This unwieldy body must organize and direct its activities in order to reach decisions about governmental policies with which it is concerned.

The tendency to concentrate power in party leaders within the House is inevitable. If a legislative program is to be put into effect,

a high degree of organization and control is necessary. In accomplishing this objective, the majority party forms an organization of its own, called a *caucus*, which is attended by the members of the majority party. At this meeting, decisions on policy and leadership are made. The chief agent of the caucus is the *steering committee*, made up of the most prominent members of the party.

The caucus likewise chooses the Speaker—the presiding officer of the House of Representatives. The office of Speaker is one of the few powerful political offices in the United States, and it is filled with great care. Only slightly subordinate to the office of Speaker is that of majority floor leader, likewise chosen from among the tried and true party members. The floor leader manages the strategy of the party on the floor of the House. Naturally, he works closely with the other party leaders in order to perfect and carry out the legislative program of the party. Chairmen of standing committees are also chosen from among the party leaders. They have great power over the legislation assigned to them for study. The chairman of each standing committee is, with few exceptions, the member of the majority party who has served longest on the committee. This principle, known as seniority, settles the question of the chairmanship without tensions arising within the party which would result if committee members were permitted to compete with one another for the post.

With leadership provided, a means of procedure in the House is available. The policies approved in caucus can be made into legislative bills; these can be assigned to committees; and the leaders can make the wishes of the party known to the members. From the vast number of proposed measures, the party leaders select, *through the legislative machinery, those that will get consideration*. Support of these measures by party members is often rewarded by patronage appointments, which also help to solidify party organization.

Criticism of Representative Assemblies

The American public is generally critical of legislatures and legislators. The record of a legislative session is attacked sometimes as contrary to the "general interest." This charge often means nothing more than that the critic's special interest was not realized. Efficiency experts plead for "action" by the parliamentary method, a plea which, if heeded, would lead to the ending of the parliamentary function of deliberate decision. The more dramatic and unusual

activities in legislatures get attention in the press, and the compromises, reconciliations of sectional interests, and pacifying of special interests are publicized as a "cheap" game of politics. Little or no recognition is given to these activities as being essential to the determination of public policy. Critics also often overlook the fact that it is the constituents who sap the energies of legislators by petty demands, thereby hindering them from doing what is expected on major issues.

Much of the criticism of legislative assemblies seems warranted if considered from a close-range point of view. In large perspective, however, the members of the representative assembly usually recognize that the appropriate functions of the assembly are those of debate and deliberation. Furthermore, they have suggested changes in organization and procedure designed to carry on the work of legislation with greater speed and effectiveness. For example, in virtually every session of Congress a number of resolutions are proposed suggesting improvement in procedure.

The two basic problems of constituency and procedure are inter-related. The ways in which a representative will carry out his functions are determined largely for him by the conditions surrounding his election and by the quality of the public opinions and desires of those whom he represents. The long-range aims of improvement of the representative function include the development of a climate of opinion that will enable the representative to free himself from the petty obligations forced upon him by short-sighted voters. In the shorter and more "practical" view, the representative assembly can do much by providing itself with efficient methods for doing its work. In this connection, the Congress of the United States passed the Legislative Reorganization Act of 1946. This Act streamlined committee procedure, provided for more adequate staff assistance, regulated lobbying, and made other provisions to improve congressional procedure.

SUMMARY

The system of representative government of the English-speaking people of the world today grew out of feudal conditions. The feudal contract prescribed the obligations of lords and vassals. Attempts by kings of England to disregard their feudal obligations were resisted by their vassals. King John, one of the worst offenders in this respect, was forced to sign the Magna Carta in 1215. The main

principle established by this document was that the king was not above the law. In other words, governmental officials, as well as the people, must obey the law.

The representative assembly in England also was an outgrowth of feudal arrangements. The king's council—*Curia Regis*—eventually evolved into the House of Lords. At first it was merely an advisory body, made up of the higher clergy and upper nobility, but gradually it assumed more and more governmental authority. The House of Commons emerged from the practice of the sworn inquest. English kings sent agents to local communities to meet with a group of his subjects to inquire into conditions about the community and to obtain information about matters that would aid him in ruling his kingdom. This group of citizens was made up of knights, who were of the lesser nobility, and who supplied information about crime as well as other matters. Out of this aspect of the sworn inquest, jury trial and English common law emerged. Representatives of the local juries eventually were ordered to meet with the king rather than the king's sending his agents to them. Likewise, the commoners, who were merchants and others living in the towns, and the lesser clergy were ordered periodically to meet with the king. Knights, commoners, and lesser clergy met with the *Curia Regis* but were dissatisfied because they were overshadowed by the higher clergy and upper nobility. Eventually, during the fourteenth century, the lesser clergy were allowed to withdraw, and the knights and commoners were permitted to meet separately. Hence, this representative body, or Parliament, consisted of two houses rather than only one.

After Parliament was divided into two houses, its powers increased, but the struggle of the English people for the right to participate in political affairs was a long, hard struggle. After the Glorious Revolution of 1688, however, Parliament became supreme, and the cabinet system of government developed. The Prime Minister and his cabinet, as well as other heads of executive departments, became responsible to the House of Commons. Thus the people of England developed a system of government in which the power and authority of the monarch is negligible and the real power rests in the hands of the representatives of the people.

The English experience influenced directly the development of representative government in the United States. Most of the English colonies in North America were founded during the time of the struggle between king and Parliament, and the colonial representa-

tive system was modeled upon that of England. During the Revolutionary War, the Americans formed their own State governments and patterned them upon colonial experience. When a central government was established under the Articles of Confederation, however, tradition was not followed, and the government had few effective powers. After a few years of unfortunate experience under this government, a constitutional convention framed the present national Constitution. The new Constitution provided for the traditional form of government and gave the central government adequate powers.

The representative function of government is basically the formulation of public policy according to the will of the people who elect the representatives. Representative governments are beset increasingly with difficulties because of the expanding area of governmental activity and the need for making quick policy decisions often having world-wide impact. Two major problems of the representative function of government are (1) the problem of the constituency—that is, whether it is the function of the representative to reflect the “public opinion” of his constituents or to exercise his own judgment when weighing and deciding on matters of policy, and (2) the problem of procedure—that is, how the need for decisive action can be met by large, unwieldy legislative bodies. No answer to the constituency problem has yet been found that offers more than the single-member district, although its limitations have been recognized. In the United States, self-criticism and constructive study have resulted in improvements of procedure at the national level of government.

In the light of centuries of experience, it is obvious that representative government is one of the elements most necessary for democratic governmental processes. It is the principal means for holding rulers—that is, the executive—responsible to the people. It is also the agency of government expressing the decisions of the people in matters of policy.

QUESTIONS

1. How was the feudal contract a contribution to the rise of representative government? Why is it important for the king or other chief executive not to be above the law? What is the alternative?
2. What is the Magna Carta? Of what significance is it in the rise of representative government?

3. Outline briefly the development of the House of Lords and the House of Commons in England.
4. What is common law? How did it develop? What recognition is given to common law in the United States today?
5. What was the basis of the conflict between the Stuart kings and Parliament? What interests were at stake on either side? Have there been similar issues in the United States?
6. Trace the rise of cabinet government in England. Since the United States adopted so many ideas and institutions of the British, why was the cabinet system not included among them?
7. Make a list of the English contributions to the development of representative government in this country.
8. What is meant by sovereignty? Why is it important in the consideration of the development of representative government?
9. Explain the constituency problem and the procedural problem in the representative function of government, and discuss the suggested proposals for meeting these problems.

DISCUSSION

1. Why is England called the "Mother of Parliaments"?
2. How do you account for the fact that the United States has a written constitution and England does not?
3. If the assumption is valid that the larger the political body is the more centralized its authority must be, is it likely that increasing the number of members of a legislature increases its representative nature? Explain your answer.
4. "If the second chamber agrees with the more directly chosen one, it is superfluous; if it disagrees, it is obnoxious." As rebuttal to this statement, what arguments can you find for a two-house legislature?
5. On what basis can you justify such a system of representation as that of the United States Senate, in which the 160,000 residents of Nevada have as much representation as the 14 million residents of New York?
6. "Congress is no longer, if it ever was, the 'lawmaking' branch of the government." Can you illustrate the accuracy or inaccuracy of this statement from newspaper accounts of the present Congress?

TERMS

Bicameral: Consisting of, or including, two chambers or legislative branches.

Constituency: Collectively, the body of eligible voters within a represented district.

Habeas corpus: A court writ requiring that a person who has been

arrested or detained on suspicion of crime be brought before a judge who determines if the person is being held legally—that is, if there is just cause for his being held. Habeas corpus protects a person from arbitrary arrest and imprisonment.

Lobbying: Contacting members of a legislative body in a lobby or elsewhere, as before a committee, with intent to influence legislation.

Mayflower Compact: An agreement signed by forty-one of the Pilgrim Fathers to serve as a basis of government.

Patronage: The offices, contracts, honors, and so on that a public official may bestow by favor.

Responsible government: Control of the administration of law by the legislature. In responsible government, the executive is answerable to the legislature.

Unicameral: Consisting of only one legislative chamber.

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19 CONSTITUTIONALISM

In discussing the emergence of the national state and the development of modern government, we have emphasized growth and change. Although changes do take place, certain fundamental principles or beliefs last as long as the state lasts. One by one the fundamental beliefs may become debased, but when the last one disappears, the dissolution of the state is imminent. Likewise, the state becomes strong and more vital in the lives of its people as some or all of the beliefs are strengthened through use and as others are derived from them. The fundamental principles upon which a state is built are found in its constitution.

The principles of constitutionalism flow naturally from the formal aspects of the political state itself. In general, constitutions of political states contain a statement of the source of governmental power, establish governing agencies, provide for the powers of those agencies, and limit the power of government. Thus, stability in governmental processes is provided by the constitution, and the people know what, in general, to expect from their government. Although this chapter refers to constitutions of political entities, and particularly to that of the United States, social groups, such as church organizations, corporations, interest-group associations, fraternities, and local communities, all have constitutions that define their functions.

CLASSIFICATION OF CONSTITUTIONS

In general, the constitutions of political states may be classified as either "written" or "unwritten." The Constitution¹ of the United States is a written constitution. This classification refers only to the relatively short document adopted in 1789 and its twenty-two formal

¹ In this chapter and throughout the text, when the word "Constitution" is capitalized, the reference is to the written Constitution of the United States.

DELEGATED POWERS

(Article I, Section 8) The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States;

To borrow money on the credit of the United States;

To regulate commerce with foreign nations, and among the several states . . . ;

To coin money, regulate the value thereof . . . and fix the standard of weights and measures;

To provide for the punishment of counterfeiting . . . ;

To establish post offices and post roads;

To promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries;

To constitute tribunals inferior to the Supreme Court;

To define and punish piracies and felonies committed on the high seas, and offenses against the law of nations;

To declare war . . . and make rules concerning captures on land and water;

To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years;

To provide and maintain a navy;

To make rules for the government and regulation of the land and naval forces;

To provide for calling forth the militia . . . ;

To provide for organizing, arming, and disciplining the militia . . . ;

To exercise exclusive legislation . . . over such district . . . as may

. . . become the seat of the government of the United States . . . ;
and

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof.

Other powers of the national government are found throughout the Constitution and the Amendments, but the above list defines rather completely the power of the national government. The States were considered to be the possessors of political power, and they delegated a part of it to the national government. Since the delegated powers are stated or enumerated in the Constitution, the powers of

the national government are called "enumerated," as well as "delegated," powers. The fundamental powers of government were delegated to Congress because the legislative branch was considered the primary one of the three branches of government.

An examination of these powers reveals that the grant was a generous one. The power to tax, to regulate interstate commerce, to declare war, and especially to make all laws necessary and proper for carrying out the powers of the government are actually basic powers, far-reaching in their authority to formulate governmental policy. The power to make all laws necessary and proper to carry out the powers of government is called the "implied-power" clause, or the "elastic" clause. It opens the door to broad interpretation of the powers of the national government. In the course of time, the national government has found in the enumerated powers and the implied power the authority to govern those matters that have come within its jurisdiction. Only a few formal amendments to the Constitution have been necessary to meet the needs of centralized power. By interpretation of the original document, the powers of the national government have been expanded to deal with governmental problems resulting from changes that have occurred in the United States since 1789.

RESERVED STATE POWERS

(Tenth Amendment) The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

The Tenth Amendment has been basic in the development of the federal system in the United States. Its provision is a safeguard to the States in that it underscores the principle that the States have reserved or residual powers. Woodrow Wilson once pointed out that "the relation of the States to the federal government is the cardinal question of our constitutional system . . . it is a question of growth, and every successive stage of our political and economic development gives it a new aspect. . . ." ⁴ This statement is true today, even though the present federal system is far different from that of 1908.

⁴ Woodrow Wilson, *Constitutional Government in the United States* (New York: Columbia Univ. Press, 1908), p. 173.

DUAL FEDERALISM The Supreme Court traditionally has been considered the guardian of the federal system, because the Court determines whether the national and State governments have exceeded their constitutional powers in a given situation. In considering cases involving the division of power between the national government and the States, the Court might be expected to favor the central government over the States. The Court is, after all, an agency of the central government, its members being appointed by the President with the consent of the Senate. Whether this favoritism has existed is questionable. The nationalism of the Supreme Court waxes and wanes, with a general tendency to reflect the gradual growth of the national character of society in the United States.

The doctrine of dual federalism, a concept of the distribution of power developed under the guidance of the Supreme Court, was favorable to the States. This doctrine embodied a principle, drawn from the Tenth Amendment, that the power of the national government, being limited by the existence of States, might be denied a certain area of activity, even though the activity were also beyond control of the States. For example, in 1918, in the case of *Hammer v. Dagenhart*,⁵ the Court invalidated a national law forbidding the shipment in interstate commerce of goods made by children. The Court held that the Tenth Amendment reserved to the States the power to control child labor. Likewise in 1928, in the *Ribnik v. McBride* case,⁶ price regulation by the national government was held an infringement on State power. The last important decision of this kind came in 1936, when the Agricultural Adjustment Act of 1933 was declared to be invalid, in *United States v. Butler*.⁷ The Court in this case held to the rule that the delegated powers of Congress are limited by the reserved powers of the States. Thus Congress could not use its delegated powers to accomplish legislative ends that fall within the reserved powers of the States.

CO-OPERATIVE FEDERALISM Since the late 1930's, another concept of federalism has developed—co-operative federalism. It is based on the principle that the Tenth Amendment imposes no limitation on the national government in the exercise of its legitimate power. This position was stated in 1941 by Justice Harlan Stone, in the *United States v. Darby* decision.⁸ He said, "Our conclusion is un-

⁵ 247 U.S. 251 (1918).

⁶ 277 U.S. 350 (1928).

⁷ 297 U.S. 1 (1936).

⁸ 312 U.S. 100 (1941).

affected by the Tenth Amendment The Amendment states but a truism that all is retained which has not been surrendered." In this case, the Fair Labor Standards Act was in question. This Act barred from interstate commerce goods made in violation of minimum wage and maximum hours regulation, child labor regulations, or other labor standards. Under the concept of dual federalism, the same type of legislation, tested in 1918, was held invalid (*Hammer v. Dagenhart*). Under the principle of co-operative federalism, the statute was held to be valid.

The change from dual to co-operative federalism is one of the most significant changes in United States constitutional history. It is a change which appears to eliminate constitutional rigidity in the division of power and to promote co-operative performance of governmental functions. Under this concept, local, State, and national governments are more likely to work together on projects in which a general interest is involved, each making the contribution it is best suited to make.

The development of co-operative federalism implies that the national government may receive State assistance in the fulfillment of national responsibilities. For example, during World War II the States performed such important functions as administration of selective service, rationing and price control, civilian defense, and troop and supply movements through States, all of which were of national interest. In a letter to the Governors' Conference in 1942, President F. D. Roosevelt wrote that the States had been "in the forefront" of the war effort.

States also have been encouraged to co-operate with one another. The adoption of uniform legislation regarding commercial regulations and traffic controls is a step in this direction. Interstate compacts have been made, and their use is increasing, in such fields as utilization of streams, conservation, stream pollution, crime, and taxation. The annual Governors' Conference and the Council of State Governments, both permanent organizations, do much to develop co-operation among the States.

One of the best-known aspects of co-operative federalism is support of or assistance with State activities by the national government. National-State co-operation in road building, social security benefits, vocational education, and public health services are examples of this kind of arrangement. Usually the relationship is based upon a financial grant from the national government to the State, or to one of its subdivisions. The grant is conditioned upon

a similar contribution from the smaller unit and its conformity to set standards. The grant-in-aid, as this device is called, strengthens and vitalizes governmental projects at the State and local levels of government. It has been criticized, however, as encouraging the expenditure of public funds and as taking away the independence of local and State governments.

THE FUTURE OF FEDERALISM IN THE UNITED STATES In the United States today, the national government is performing many of the functions formerly performed by the State governments and, to some extent, by the local governments. This trend toward centralized government has come about largely because many of the institutions and activities in American society have become national in character—that is, they are no longer of such a nature that they are of interest only to a limited geographical locality. The great corporations, the national labor organizations, economic depressions, and interstate regions centered around large cities or river basins, all are beyond the reach of the States or of local communities. If the national government did not govern them, they would be virtually ungoverned.

Contemporary changes in the limits of State and national powers are being expressed in governmental policy as specific problems of government arise. Therefore, the Supreme Court is no longer the exclusive agency for determining the appropriate distribution of power between the State and nation. One of the foremost constitutional lawyers in the United States has said, "The powers of the national government are broadly granted and are unrestricted. During the past ten years the Supreme Court has removed substantially all restriction that previously existed. Efforts had been made for a number of years to find the existence of restrictions in the Tenth Amendment, but such efforts have ended. . . . The scope of national authority has become a question of national policy, and has substantially ceased to be one of constitutional law."⁹ As a question of policy, it seems likely that the issues of federalism will be determined not by the Supreme Court alone but also by Congress. This tendency does not mean that the federal system will no longer exist. Congress is sensitive to local and State pressures and at the same time is conscious of national interests.

Concern has been expressed by some people about the trend

⁹ Walter F. Dodd, "The United States Supreme Court, 1936-1946," *American Political Science Review*, XLI, 9 (February, 1947).

toward centralized government. The contention by these persons has been that this trend has weakened the federal system. On the other hand, others contend that the basic theory of federalism remains, but that changes in society have made necessary certain adjustments within the federal system.

National Supremacy

(Article VI, Section 2) This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the Constitution or laws of any State to the contrary notwithstanding.

This provision of the Constitution establishes national supremacy—that is, the supremacy of national law—as a principle of government in the United States. The importance of national supremacy has grown in recent years. Co-operative federalism tends to emphasize the supremacy of the national government as a result of the increased area of activities engaged in by both national and State governments. One of the essential aspects of United States federalism is that if the national government has a power, it has that power in superiority over State and local governments. Actually, Article VI presents a hierarchy of laws. At the top is the Constitution of the United States, below which are the statutes and treaties of the national government. State constitutions and statutes come below those of the national government, and local ordinances are the lowest in the hierarchy.

Limited Government

(Article I, Section 9) The privilege of the writ of *habeas corpus* shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it.

(Article I, Section 10) No State shall enter into any treaty, alliance, or confederation; . . . coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts . . .

(Amendment I) Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

(Amendment V) . . . nor shall [any person] be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

(Amendment XIV, Section 1) All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

The above provisions of the Constitution are selected to illustrate another important principle of government in the United States—limitation on the authority of the government. Not all of the prohibitions on the powers contained in the Constitution are stated above. The Bill of Rights (first Ten Amendments) is a statement of limitations on the government, and other limitations are found throughout the document. Some of the limitations are placed only on the national government, others apply only to the State governments, and some apply to both national and State governments. Many of the limitations are for the protection of the rights of individuals. A constitutional government has definable boundaries of action. These boundaries, however, are not specific or absolute but are relative and, therefore, dependent upon interpretation by governmental agencies.

FORMAL AMENDMENT OF THE CONSTITUTION OF THE UNITED STATES

(Article V) The Congress, whenever two-thirds of both Houses shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the legislatures of three fourths of the several States, or by conventions in three fourths thereof, as the one or the other mode of ratification may be proposed by the Congress . . . and . . . no State, without its consent, shall be deprived of its equal suffrage in the Senate.

Article V provides the methods for making formal amendments to the written Constitution. Although two methods of proposing

amendments are provided in the Constitution, only one method—a two-thirds vote of the Congress—has been used. With the exception of Amendment XXI, the proposed amendments have been ratified by the legislatures in three-fourths of the States. In the case of Amendment XXI, which repealed the prohibition amendment (XVIII), the method of ratification was by conventions in three-fourths of the States.

Some provision for change is considered fundamental in a constitution, because an unchanging constitution in a changing society may mean that at some point the constitution must be set aside. Since the Constitution was written, in 1787, the society of the United States has experienced a significant growth and change in both geographical and social aspects. At that time, the United States consisted of thirteen States, all east of the Allegheny Mountains, with a total population of approximately four million. The economy was largely agrarian—more than 90 per cent of the people were engaged in agriculture. Today the area of the United States is three-and-one-half times as large and the population almost forty times as large. And today industrialism is as characteristic of economic life as agriculture.

Twenty-two formal amendments have been added to the original Constitution. The first ten of these, the Bill of Rights, were added in 1791, soon after the Constitution went into effect. In the remaining twelve, Amendment XVIII (prohibition amendment) and Amendment XXI (repeal of Amendment XVIII) cancel each other; therefore, only ten lasting changes have been made in the original Constitution since 1791. One of the reasons for the few formal changes is the procedure established for amendment: the two-thirds and three-fourths votes required are unusual majorities. Although an amendment may be proposed, a negative vote from as few as thirteen States will block its ratification. Another reason is that the original document was written in general terms, which have been interpreted broadly to meet the changing conditions in society.

DEVELOPMENT OF THE CONSTITUTION OF THE UNITED STATES

The constitutional system of the United States is more than the formal document and its amendments. Congressional enactment, judicial interpretation, executive determination, and custom and usage also have made fundamental contributions to the constitutional

system. In these ways, the documentary constitution has been developed to meet changing social conditions. They make up the "unwritten" or "unassembled" constitution of the United States.

Congressional Enactment

The original Constitution provided little more than a framework of government. The first Congress had to give meaning and implementation to the basic document. This work is never finished; the current Congress also is engaged in interpretation and development of the Constitution. Though many congressional enactments have little relation to or effect upon the written Constitution, many others are fundamental laws, some of which acquire prestige over the years rivaling that of the basic document itself.

The Judiciary Act of 1789, which formulated the court system, is an example. The written Constitution touches only briefly upon the nature of the court system. It provides for a Supreme Court and, if Congress establishes them, inferior courts; it makes provision for the kinds of cases that may be tried in national courts; and it defines treason. Congress has had the responsibility for establishing the structure of the judiciary and, within broad limits, its procedures. Congressional enactments of this type are in a sense "constitutional" provisions.

The Sherman Antitrust Act of 1890 is another example of a congressional enactment that is considered fundamental in the constitutional system. In this instance, Congress made an effort to cope with the problem of control of the monopoly power of business organizations. In sweeping language, the legislation declares that "every contract, combination . . . or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal." Of this measure, the Supreme Court in 1933 said that "as a charter of freedom, the Act has a generality and adaptability comparable to that found to be desirable in constitutional provisions."¹⁰

Another example of basic congressional action is the Administrative Reorganization Act of 1939. In this Act, Congress provided for the Executive Office of the President to assist the President in carrying out the duties of the executive department. The framers of the original Constitution could not have foreseen the need for administrative machinery that has evolved in the twentieth century. Congress, in providing for the Executive Office and for six administrative

¹⁰ *Appalachian Coal, Inc. v. United States*, 259 U.S. 311 (1923).

assistants to the President, enacted fundamental law as to both form and method of government.¹¹

Judicial Interpretation

An understanding of the Constitution of the United States requires a knowledge of the interpretations of it by the national judiciary, particularly the Supreme Court. Many Supreme Court decisions, by interpreting and defining provisions of the Constitution, set forth fundamental principles as to the nature and process of government.

Since 1803, a constitutional principle known as judicial review has been a part of the constitutional system of the United States. By this principle, the national courts, and particularly the Supreme Court, have the responsibility of applying the written Constitution to national and State laws, to city ordinances, and to any governmental act when cases are brought before them. If a person believes that a law is contrary to the Constitution, he may so plead in the courts. If the courts find that a constitutional issue is involved, the case will in all likelihood go to the Supreme Court for final determination. The Supreme Court then will decide whether the law in question violates the written Constitution and will state the reason for its decision. Any law which the Court finds unconstitutional is automatically void.

The principle of judicial review is not specifically stated in the Constitution. It was enunciated by the Supreme Court itself in a basic decision written by one of the Court's most famous Chief Justices, John Marshall, in 1803.¹² The case arose from a request made by William Marbury, who had been appointed to a minor justiceship of peace in 1800 by President John Adams. The commission for the office had been withheld by the Jefferson administration, and Marbury requested the Supreme Court to order the Secretary of State, James Madison, to grant the commission. (Such an order by a court is called a *writ of mandamus*.) The Judiciary Act of 1789 had given the Supreme Court the legal authority to hear cases arising from such requests.

The Supreme Court upheld Marbury's right to the commission and criticized the Jefferson administration for withholding it. Chief Justice Marshall, however, went beyond the immediate issue involved and used the case to decide a fundamental constitutional

¹¹ The organizational features of the Executive Office of the President are discussed in Volume II.

¹² *Marbury v. Madison*, 1 Cranch 137 (1803).

question. The question involved was: Did the Supreme Court have the authority to give the case its original (first) hearing and to issue the order—the writ of mandamus—as provided in the Judiciary Act of 1789? Marshall's decision stated that the Supreme Court had no such authority, even though it had been granted to the Court by the Act. In stating the reason for this decision, he pointed out that the written Constitution specified only two types of cases that might be taken by original jurisdiction (authority for the first hearing of a case) into the Supreme Court—cases involving diplomatic officials and those in which the States were parties. Obviously, a case involving the issuance of a writ of mandamus was not covered in these two types of cases. He then argued that, if this provision of the Constitution were to have any meaning, the types of cases listed had to be considered complete and that a change could be made only by formal amendment. Since the provision was a part of the Constitution that the judges had sworn to uphold, the Court could not fulfill the terms of a law violating the Constitution itself. Therefore, Marshall reasoned, the Court must hold the questioned section of the law unenforceable.

In the *Marbury v. Madison* case, the Supreme Court established a precedent that has continued to be a part of the constitutional system—the right to declare a law null and void if in the opinion of the Court it is not in accordance with the Constitution. Nowhere in the written Constitution itself does one find the power of nullifying laws granted to the Supreme Court. Thus, by a significant interpretation of the written document, the Court placed itself in the forefront of interpreters of the Constitution.

The power of judicial review has been exercised under varying conditions and philosophies throughout the years. The Supreme Court does not review all laws to determine their validity but does so only when a case is brought before it and the issue of constitutionality is raised. The general rule developed by the Court is that a law is presumed to be constitutional until clearly shown not to be. The Court has not used the power of judicial review to invalidate national laws as frequently as is often supposed. After the decision in *Marbury v. Madison*, in 1803, the Court did not nullify another national law until the *Dred Scott* case, in 1857. In this case the part of the Compromise of 1820 regulating property (slaves) was considered by the Court. This law had existed for thirty-seven years before it was challenged and held by the Supreme Court to be unconstitutional. Thus it is possible for a law that the Court later

holds invalid to exist as a valid interpretation of the Constitution for a considerable time before it is challenged in a case.

The Supreme Court also may invalidate State laws and constitutional provisions, decisions of State courts, or ordinances of local governments if they violate the Constitution of the United States. A significant area of judicial review in connection with States has resulted from the States' exercise of police powers, which deal with health, morals, and safety regulations. Since such legislation limits personal rights and freedom, there is always the question of how far a State may go before it violates the provisions of the Fourteenth Amendment to the Constitution. This Amendment provides that no State shall deprive any person of "life, liberty, or property without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

Even if the Supreme Court did not have the power of judicial review, it would still have an important place in interpretation and development of the Constitution. What the Constitution actually means depends to a large extent upon what the Court says it means.

Executive Determination

Most of the laws, orders, and operations of the government of the United States do not become matters of judicial controversy. Thus, the area of judicial interpretation is somewhat limited. In addition to congressional enactment and judicial interpretation, the place of the executive in developing the Constitution through interpretation is one of long-standing and ever-increasing importance.

The executive issues, in the form of proclamations or executive orders, the directions for enforcing the Constitution and the acts of Congress. Frequently the means by which enforcement shall be carried out are not specifically expressed. As governmental issues become more complex, it becomes increasingly impracticable to include in a legislative act all of the specific details relative to enforcement. Therefore, the executive often has the responsibility of deciding what meaning should be given to the written laws and in some cases establishes fundamental constitutional policy.

To illustrate, the written Constitution grants the appointing power to the President in the following language,

... he shall nominate, and, by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the

United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

Congress has from time to time made provisions for "officers of the United States," for "inferior officers," and for the conditions under which they are selected. In doing so, Congress develops, defines, and elaborates the Constitution. The President also may act under this constitutional grant, and he likewise defines and adds to the Constitution. Thus far-reaching executive orders, as well as fundamental laws, are basic parts of the working Constitution.

The above statement in the written Constitution does not answer all of the questions about "officers and inferior officers" of the United States government. For example, what procedure is required for dismissing an appointed officer? This question is one that must be answered by interpretation. The answer, when authoritatively made, is as fundamental as the appointing procedure contained in the original document. If the President wishes to dismiss an officer, he finds in the written Constitution little direct guidance as to his powers. If neither legislative nor judicial action has been taken on the matter, he must determine the constitutional way of doing things. If a law covers the matter, the President may be guided by it, or he may use his independent judgment. If the President's judgment is challenged, the controversy may be taken to the Supreme Court for determination.

A case arising from a controversy of this type was decided by the Supreme Court in 1926—*Myers v. United States*.¹³ In 1876, Congress provided by law that first-class postmasters might be removed from office by the President with the consent of the Senate. In 1920, President Woodrow Wilson removed the postmaster of Portland, Oregon, without referring the action to the Senate for its consent. Thus there was presented a clear case of two alternative interpretations of the Constitution. At the end of his four-year appointment, the dismissed postmaster sued for his salary in the United States Court of Claims, claiming that his dismissal was in violation of the 1876 act of Congress and that he had a right under that law to his salary. When the case reached the Supreme Court, the United States Attorney General defended the President's action by contend-

ing that it was in accordance with the Constitution, whereas the act of Congress was not. The Court decided that the President had acted within his constitutional rights and ruled that Congress may not restrict the President's power to remove officers appointed by him with senatorial consent. The constitutional argument advanced by the Court was that the President's removal power was an implied power derived from the general grant of executive power. Therefore, the law was unenforceable and the postmaster's right under the law was considered inferior to the President's exercise of constitutional power.

The decision in the Myers case was important for its implication that the President's unlimited removal power might be extended to the members of the independent commissions in the executive department—for example, the Interstate Commerce Commission and the Federal Trade Commission. The congressional acts creating these commissions confer upon them a high degree of independent action. Furthermore, the acts not only describe the duties of the members but also state the causes for which the members may be removed in order that they may be free from removal for "political" reasons. If the President's removal power extended to the commissions, their independence from presidential control would no longer exist.

In *Humphrey's Executor (Rathbun) v. United States*¹⁴ the presidential removal power was further defined. The case arose from the dismissal of William E. Humphrey from the Federal Trade Commission by President Franklin D. Roosevelt. In 1931, Humphrey had been reappointed to the Commission by President Herbert Hoover for a seven-year term. President Roosevelt, however, asked for his resignation in 1933 saying, "the aims and purposes of the Administration with respect to the work of the Commission can be carried out more effectively with personnel of my own selection." When Humphrey refused to resign, President Roosevelt removed him from the Commission. The question involved in the case was the right of the President to remove a member from the Commission for reasons other than those stated in the Federal Trade Commission Act—"inefficiency, neglect of duty or malfeasance in office." The Court's decision in this case modified the earlier Myers decision by maintaining that the President's removal power did not extend to the members of the Federal Trade Commission. The reasoning was based upon the point that the Federal Trade Commission was an

¹⁴ 295 U.S. 602 (1935).

administrative body created by Congress to carry out legislative policies stated in the Federal Trade Commission Act. In referring to the Myers case, the Court pointed out that the office of postmaster, being an executive office for the performance of executive functions, is therefore fundamentally different from the Federal Trade Commission.

In recent times, the presidency has been found to contain fundamental powers of and responsibilities for interpreting the Constitution in conditions of depression, war, and postwar emergencies. Therefore, the executive not only enforces the laws passed by Congress under the Constitution but also plays a vital role in interpreting those laws and the Constitution. Thus the courts, Congress, and the executive all have a part in shaping and perpetuating the written Constitution.

Custom and Usage

The constitutional system of the United States goes beyond the Constitution and the constitutional development by such legally established governmental agencies as the Congress, the courts, and the executive department. Through custom and usage there have developed a number of governmental practices, some of which are of sufficient importance in governmental procedure to be considered as a part of the constitutional system.

Political parties, for example, have become so influential in governmental procedures that the political-party system is considered fundamental in governmental processes. The importance of the political party is evident in the organization of Congress, in the appointment of governmental officials, in the formulation of governmental policies, and in the nomination and election of the President, Vice-President, and members of Congress. Actually, governmental processes depend upon political parties to such an extent that it is impossible to imagine the government's functioning without them. The Constitution, however, makes no provision for political parties, and only a few laws have been passed to regulate party practices. The role played by them has developed almost entirely by custom and usage. Another usage regarding the election of the President and Vice-President also is related to the political party system. The Constitution provides that the President and Vice-President shall be elected by the electoral college, in which each State is entitled to as many electors as the combined number of its members in the House of Representatives and Senate. The practice has developed

through usage that the electors of each State cast their votes for the candidate of the political party having selected them rather than according to their own free choice. Thus, in the election of the chief executive of the United States, custom and usage have developed a fundamental constitutional practice.

Until 1940, limitation of the President to two terms in office was a part of the unwritten constitution. This practice resulted from custom and usage, following a precedent established by George Washington when he refused to serve as President for the third term. After the precedent was broken in 1940, a formal amendment (Amendment XXII) limiting the President to two terms was added to the Constitution.

The practice of calling together the heads of executive departments for group consultation, thus forming a cabinet, also originated with George Washington. Although neither Constitution nor laws provide for this type of group consultation, probably any President who would dispense with the "cabinet" would be criticized as having violated the Constitution. The custom of selecting the leader of the majority political party in the House of Representatives as Speaker to preside over that body has the sanction of such long usage that a change is practically inconceivable.

These and other usages and practices constitute a body of unwritten laws which form an indispensable part of the constitutional system.

STATE CONSTITUTIONS

Each of the forty-eight States has its own constitutional development. Each, likewise, has a written constitution, which serves as a base for its constitutional system. The powers of the States are reserved powers; therefore, in the area of exclusive State action, the State is limited only by the prohibitions that are expressed in the national Constitution. States, of course, have many self-imposed constitutional limitations on powers. These, however, the State itself can change by amendment. Therefore, the States are quite self-governing in a broad and undefined area of operations.

In contrast with the Constitution of the United States, a relatively short document mainly describing the powers and general framework of government, the State constitutions are long and contain detailed and elaborate rules regarding governmental organization and processes. The many detailed matters under State control en-

courage lengthy constitutions. Furthermore, the amending process followed in most States makes changes easy. In general, amendments are proposed by the State legislatures and are ratified by the vote of the people. Therefore, many minor matters, some of a temporary nature, are found in the various State constitutions. Because of the wide range of differences in State constitutions, a description of them is beyond the scope of this chapter. Therefore, only three common basic features are discussed briefly.

Separation of Powers

Each State constitution provides for three departments of governmental organization and functions—legislative, executive, and judicial. In general, the principle of separation of powers is expressed in the constitution. As in the case of the national government, however, the principle is not closely adhered to. To some degree, each branch of government performs all types of function.

Unitary Government

In relation to the counties and other units of government below the State level, the State functions as a unitary government. In this kind of government, the total power lies basically with the central (State, in this case) government. State-local governmental relationships contrast in this respect with State-national government relationships. Often broad powers of local self-government are granted to local units, especially to the larger cities. The local unit is then said to possess "home rule." This arrangement, however, is not a federal relationship; the State grants the home rule charter and may take it away.

Representative Legislatures and Single Executives

Each State has a legislative body made up of persons chosen by a direct vote of the electorate. In all but one State, the legislature is a bicameral body—the exception, Nebraska, has a unicameral legislature. With few exceptions, the basis of election of members to the legislatures is the single-member district. Although the districts may be determined roughly on the basis of population, this practice is not always followed. In some States each county is allowed one legislator regardless of its population, and in some States the district is given an additional legislator if the population exceeds a certain number. For example, the Connecticut House of Representatives is made up of one representative from each town,

but each town having more than 5,000 population is allowed two representatives. Thus the town of New Haven, with a population of more than 164,000, elects two members of the House of Representatives, while towns such as Old Mystic and Newton, with populations of 508 and 603, elect one representative each. Obviously, legislatures of this type do not give proportionately as strong representation to urban as to rural areas. This situation, which exists in many State legislatures, is intensified by urbanward migration.

The single-member district lends itself to the practice called gerrymandering. In a system of single-member districts, the arrangement of the districts may result in advantages to one political party. This possibility exists because party voters are not distributed evenly over the entire State. A change in district arrangement is made by the legislature, and the majority party at the time determines the plan of redistricting. The purpose of the gerrymander is to fix the district boundaries so that the favored party will carry the greatest possible number of districts. If it is not possible to carry all of the districts, the opposing party's votes are concentrated in as few districts as possible. As a result, the opposition, while perhaps carrying these districts by large majorities, will elect a minimum number of representatives to the legislatures. When this practice is followed, districts of fantastic and odd shapes are likely to result. In the administration of Elbridge Gerry as Governor of Massachusetts in 1812, a particularly malformed legislative district was adorned by a newspaper editor with tail and claws and called a "Gerrymander." The term has been used ever since when the governmental agency responsible for fixing the boundaries arranges them to elect as many as possible of the candidates of the party having control at the time of the districting.

The election of the chief executive, called the governor in all States, cuts across district lines and is carried out on a State-wide basis in all States except Georgia. In that State, the election of the governor is by county units, a system which favors rural areas. In the 1950 Democratic Party primary election,¹⁴ Herman Talmadge received fewer popular votes than his opponent. He managed, however, to secure more county units by carrying many rural counties and thus won the election.

¹⁴ Because of the predominance of the Democratic Party in the Southern States, the Democratic Party candidate is usually elected; therefore, the actual contest in a political election comes in the selection of candidates—that is, in the primary election.

In general, the office of State governor has lacked the powers and prerogatives of a full-fledged executive office. The legislature is considered to be the superior branch of government. Short term, low pay, and few independent powers are characteristic of State governorships. Some changes, however, are taking place in this office, indicating a realization of need for executive leadership in State government.

SUMMARY

Although constitutionalism is usually thought of as applying to government, it is not confined to this area of social relationships. It may be properly applied to any social group. What are the group's basic reasons for existence? What are its fundamental goals? What are its agencies for governing? These are the questions that determine the basic nature—the constitutionalism—of the social group.

The constitutions of political states express the basic beliefs of the people and maintain stability in governmental processes. States have either written or unwritten constitutions; in some states, as in the United States, both types make up the constitutional system. Constitutions also may be classified as rigid or flexible, depending upon the amending process. In general, written, or assembled, constitutions are more difficult to amend than are unwritten, or un-assembled, constitutions.

In the United States, a definite amending process is provided in the Constitution. Because of the general nature of the written document and the relatively difficult amendment process, few formal amendments have been added. The constitutional processes of government, however, have been developed by other means. The three departments of government—legislative, executive, and judicial—have vitalized and interpreted the Constitution from the time it was adopted in 1789. The Supreme Court of the United States has been one of the most important constitutional interpreters since the formulation of the principle of judicial review. Although judicial review is not expressly provided for in the Constitution, it has become a part of our constitutional system as a result of judicial interpretation. In addition to interpretations and enactments by governmental bodies, certain fundamental governmental practices have been developed by custom and usage. These practices, which have developed over a long period of time, are considered parts of the constitutional system.

The Constitution of the United States contains identifiable principles of government. The major principles are:

- (1) Popular sovereignty
- (2) Separation of powers
- (3) Federalism
- (4) National supremacy
- (5) Limited government

Some of these have grown and developed through the years; some have not. For example, the principle of separation of powers has not had a positive development. The principle of limited government is facing a test under the impact of continuous emergencies and the assumption of new governmental responsibilities. The principles of federalism, popular sovereignty, and national supremacy, however, have grown continually stronger.

The States also have constitutions, each having a basic written document. In general, these constitutions are longer than the national Constitution and provide for governmental functions in considerable detail. The States, because of the principle of federalism, have considerable self-government, and in matters that are of State concern, are restricted only by the limitations provided in the national Constitution and by self-imposed limitation of power.

QUESTIONS

1. Distinguish between "written" and "unwritten" constitutions. Give examples of each.
2. In actual practice, does the United States government follow the principle of separation of powers? Justify your answer.
3. What is the difference between enumerated powers and reserved powers? Are the States at an advantage or disadvantage in the division of powers as established by the Constitution? Why?
4. What is federalism? What changes have taken place in United States federalism since the 1930's? What have been some of the results of this change?
5. Only a few formal amendments have been made to the Constitution of the United States. Why?
6. Explain the amending process provided in the Constitution. Have all ways been used? Give examples.
7. What is the meaning of the "right of judicial review"? How did it become a part of the constitutional system of the United States?
8. In what ways does the executive department of the national government contribute to the development of the constitutional system?

9. If in the election of a President one of the electors in the State of Texas voted for his own personal choice as President rather than for the candidate of the political party that had selected him for an elector, would his action be "unconstitutional"? Give reasons for your answer.
10. How does the relation between the national government and the State governments differ from the relation between the State government and its subdivisions, such as counties and cities?

DISCUSSION

1. If you were a member of a convention to rewrite the United States Constitution, what changes would you suggest in the powers of Congress? Give your reasons.
2. Do you believe that it is necessary to have the principle of limited government expressed in the Constitution? Why or why not? What protection does limited government give you as a citizen of the United States?
3. "The United States constitution is neither wholly written or unwritten." Discuss this statement by giving illustrations to support its correctness or incorrectness.
4. "Judicial review is a basic requirement for a democratic government." Do you agree or disagree? Why?
5. What agency of government could exercise a restraining influence upon Congress if the Supreme Court were denied the right of judicial review? How? Would there be any restraining influence outside the government? Why?
6. The Constitution of the United States does not provide for political parties. How do you account for the influence they have in governmental processes?

TERMS

County unit: A system, such as in voting or in representation, in which a county as a whole is counted as one rather than considering the number of votes within the county.

Decision: A judgment formally expounded by a court.

Electorate: The whole body of persons entitled to vote in an election.

Pardon: Cancellation of the punishment given a person convicted of crime.

Prerogative: A right to exercise a power or privilege because of an office or rank.

Reprieve: Postponement of the execution of a sentence imposed by a court as punishment for crime.

Writ of mandamus: A judicial order to an administrative officer to perform a specific act. It allows no discretion on the part of the officer but commands obedience.

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The phases of the business cycle do not occur and recur in identical length and intensity. A period of prosperity—full employment, capacity production, and high business activity—either gradually or suddenly diminishes. Recession and contraction set in, and much of the productive capacity becomes idle. Some of the basic wants of the people—for example, food, shelter, clothing, sanitation, and medical facilities—are not provided for adequately. Unemployment and deprivation exist side by side with unused resources. Finally, the bottom is reached—that is, depression. After the depression period, recovery begins, and business activity becomes more brisk. There is expansion of productive capacity, and a new prosperity grows until the peak is reached again.

The business cycle is an important aspect of the economic system for businessmen to consider. They must make decisions in the light of various possible trends of business conditions. A businessman may decide to take advantage of the fluctuations in the business cycle. If his decision proves to be unwise, his business enterprise will suffer loss, or even fail.

The businessman is not the only one who may experience the effects of his decisions. All members of the community also are affected by these decisions because of the consequent reduction in the amount of goods produced, unemployment, and loss of confidence in the economic system. The problem arises, therefore, as to whether efforts should be made by society to modify or even eliminate the business cycle. In other words, should society tolerate unemployment and idle capital, with resulting losses in productivity? No solution to this problem has been found.

THE MANAGEMENT OF BUSINESS

Within the general framework of capitalistic production, the businessman engages in specialized functions and processes in order to fulfill the main social objective of business organizations—that is, to satisfy the wants of consumers. These functions and processes are related integrally to the managerial aspect of business activities. Some basic features of the management of business are evident in the capitalistic process of production.

The management of business is related directly to private ownership of property—an essential feature of a capitalistic society. A large body of legal principles has evolved from property rights. Not only law but also custom and tradition have contributed to the development of the rights of private ownership. When private property rights are applied to capital, however, the question of the rights of society in that type of property may become significant. For example, as the use of capital goods may affect public welfare, society has determined that it may regulate their use in the public interest. Such a situation exists especially in the area of public utilities. In fact, in the fulfillment of the functions of the socioeconomic system, the use of property at any time may be subject to regulation by interested parties who are not owners of that property.

In the United States, however, the tradition of ownership rights in private property continues to be strong. Although the use of private property may be regulated when that use affects public welfare, the responsibility for economic decisions is essentially that of the owner and those who are chosen by him to manage his property.

Private Enterprise

Private enterprise is another feature of a capitalistic society within which the management of business functions. The businessman as an entrepreneur (one who assumes the risks and management of business) engages in the task of managing the processes of making goods available to consumers. These processes involve the use of resources—land, labor, and capital—all of which are costs to the entrepreneur. His task is to allocate efficiently the use of resources and to keep total costs at a point where he can sell the product at a profit—or at least without a continuing loss. Ideally, under private enterprise, entrepreneurs engage in this activity without governmental or other interference. Society benefits from this process to the extent that consumers are able to make their wants known by expressing choices in the market and to the extent that entrepreneurs are able and willing to respond to these expressed wants.

As pointed out in Chapter 11, in practice there are several factors which hamper the operation of private enterprise. One of these factors is the specialization of labor. The worker's high degree of skill in the performance of his task makes it difficult, if not impos-

sible, to change his work in response to changing consumer demands. Another factor is the size of industrial plants. The size of existing manufacturing firms discourages and probably prevents the entry of new firms in some enterprises. A third factor that may hamper the operation of private enterprise is legal regulation—for example, requirements for qualifying examinations, licenses, and franchises to enter and engage in certain professions and businesses.

The businessman as entrepreneur or manager must take into consideration these factors, as well as many others, in anticipating what market conditions will be when he buys resources to produce goods to be placed on the market. He assumes the risks and takes the profits, if any, for his reward.

The Profit Motive

Any of several motives may influence a businessman to engage in business activities. He may desire to produce a particular product that he believes will be beneficial to society. He may produce goods for patriotic reasons—that is, products that will be of benefit in aiding the government to meet its goals. He may continue managing a business that has been directed by his family for generations. The usual motivating force in a capitalistic society, however, is profit.

Profit is the difference between the total costs of a business enterprise and the total revenue received from the sale of its finished products. The producer strives to get from consumers a price that will cover his total costs, enable him to obtain more resources in order to make more goods available to consumers, and include a reward for his efforts. Since his production plans are for consumer demand at some time in the future, he must deal with constant uncertainties, such as changes in consumers' tastes, the business cycle, and changes in governmental policies. The reward for taking risks is profit, and it is the expectation of profit that motivates and guides the entrepreneur. Thus profit serves the dual role of rewarding those who assume business risks and directing productive efforts and capacities into certain kinds of production.

In the past in the United States, the abundance of natural resources and the risk-taking connected with the exploitation of those resources contributed to the emphasis placed upon the function of management. New business undertakings requiring vision, initiative, and speculation developed a faith in the business manager as the one who could make the most constructive decisions about the econ-

omy. During recent decades, however, conditions have changed; the vast store of some natural resources has become limited, and business has developed larger and larger corporations. Under present circumstances, the functions of management and the risk-taking of the entrepreneur are changed in many respects from those of an earlier day.

Although the profit received by a business enterprise may be considered compensation for risk-taking, the rewards of management are dependent on the removal of risk, or at least on foreknowledge of the risk to be taken. Modern management is a science that uses statistical analysis, investigation of technical problems, and accurate calculation to reduce risks. With large business this function of management is divorced from ownership. The management function affects the individual business in a most direct way and results in decisions that determine the profitability of that business. As one of a large number of entrepreneurs, the manager is concerned about keeping his cost per unit of product lower than that of his competitors. This position is in general determined by managerial factors, such as selection of location, size of plant, relative cost of labor, and access to and use of other resources used for production. As long as management can keep costs in a favorable competitive position, it will have some net return to be distributed to the owners.

Specialization has had an effect on management. For guidance in making business policy, the management of a corporation relies upon various "experts"—corporation lawyers, labor-management experts, industrial engineers, sales analysts, and others. The life of the business, certainly its prosperity, depends upon the decisions coming from consultation with these experts. The element of risk, therefore, tends to be transferred to the experts, who may be paid as much as \$50,000 or more a year for their services. Continuance in these careers depends, of course, upon their giving satisfaction.

A result of this specialization is hard-driving competition among the experts. This kind of competition tends to result in high casualty rates, both economically and physically, and a tendency for material well-being to crowd out all other values and considerations. The employed manager and his management experts are likely to be driven hard for their firm, so hard that often they do not have the time and effort to consider the social implications of the economic system of which they are a part. They often are caught up in a system that dominates their lives.

or sidewalk and sustain as serious an injury as from an automobile accident. The amount of damages awarded by a court has little relationship to the cause of the injury. When a court awards damages the defendant is required to pay the amount of damages to the injured party. The amount may run into a large sum, particularly in the case of corporations, and to satisfy the judgment of the court, sometimes the defendant will be required to dispose of his assets or to pay a part of his regular income until the claim for damages has been satisfied.

RISKS OF LABORERS In a business enterprise the element of risk is not confined entirely to the businessman. Laborers also take risks. The highly specialized productive process constitutes a risk for the laborer. If he loses his job, he may find himself untrained for a different kind of work. Managerial decisions may result in wage reductions or dangerous and unhealthful conditions of work, and even in unemployment if business failure results from unwise decisions. A recognition of labor's risk or "stake" in the success or failure of the business has led to labor's having a limited voice in management. In the past, society assumed that management had a firm legal basis for its authority to manage. This right to manage was based on property laws giving management, as the actual or representative owner of property, the privilege of determining that property's use. The process of collective bargaining in labor-management relations, however, has raised some questions about this concept. Labor is in reality sharing the management function when it is permitted to bargain through representatives about such things as wages, hours, and promotions. Although management may find a legal basis for its authority over *things*, it has no like basis of control over *persons*. In the future, labor may demand as the price for co-operation a share in an increasing number of business decisions related only indirectly to labor.¹

REDUCTION OF RISK The manager can reduce the element of risk in business to some extent. He may insure his property against loss by fire, hail, flood, and theft. He also may insure against dishonesty and such things as strikes and delays in deliveries. Protection against suits for damage may be obtained through liability insurance. This type of insurance protects the assets of the insured, since it pro-

¹ For a discussion of labor and managerial functions see Neil Chamberlain, "What is Management's Right to Manage?" *Fortune*, XL, 68-70 (July, 1949).

vides for payment *on behalf of the insured*. That is, it provides funds to pay judgments, so that the insured need not dispose of assets to raise the necessary money. In fact, insurance is available for almost all kinds of business or personal risk.

Although most risks may be insured against or otherwise reduced, other important risks, such as the time element in production, business cycles, and changes in governmental policy, remain. Management meets the problem of some risks, particularly those involving the time element, by influencing consumer demand through advertising. By this means, consumers' wants as expressed in the market are controlled and the risk of changing consumer tastes is reduced.

INTERRELATIONSHIP OF BUSINESSMEN AND SOCIETY

We have noted that the laborer and consumer have a "stake" in business activity and that governmental policy, determined by society, affects business enterprises. Accordingly, the interrelationship of businessmen and society is of significance, because each is dependent upon the other. It is recognized that a narrow viewpoint of business activities exists in the society of the United States. At the same time, a broad view from the standpoint of total society has developed and is evidenced by changes in business practices within the last fifty or sixty years. Perhaps an outline comparison of the two points of view will bring out the contrast.

The narrow view of business activities consists of the following:

- (1) Man is considered an economic being. That is, he is interested solely in acquiring wealth and in obtaining knowledge required for increasing his wealth.
- (2) Associations and organizations for economic purposes affect and are affected solely by economic considerations.
- (3) Only those organizations devoted to the economizing process need be studied in acquiring knowledge of business processes. These organizations would include business corporations, labor organizations, and banking institutions.

The broader, or social, point of view would include the following:

- (1) Man is considered as a social being. That is, he is interested in many values and does not have the necessary knowledge to achieve those values to the fullest extent possible. Therefore, he makes

social judgments based in part on knowledge, in part on accepted cultural values, and in part on trial and chance.

(2) Social institutions, like men, embody complex values—for example, *business corporations, labor organizations, and banking institutions* have many goals and values. Political parties, pressure groups, and governmental agencies have too close a relation to the economic process to be ignored.

The broader viewpoint of the social aspects of business serves as the basis for considering the interrelationships of the businessman and society. Some of these interrelationships already have been touched upon in this chapter. For example, the basic function of the capitalistic process is to provide for increased production of goods to satisfy wants of the members of society. The businessman makes decisions that affect not only his interests but also the interests of his employees and his customers—that is, society. The manager of a business assumes the risks involved in carrying on the business enterprise, but there is also the element of risk involved in the relations of the laborers and consumers to the business enterprise. In addition to these interrelationships, two others are important—(1) the size of business and society and (2) the public relations of business.

Size of Business and Society

A wide range of variations exists in the size and form of business units. At one extreme is found the owner-operated farm or retail store in which the investment is made by one person. This individual furnishes the management and, with perhaps the assistance of his family, the labor supply. Such small businesses are the most numerous business units in the United States. For instance, there are about 400,000 grocery-store proprietors, most of them owning and operating their stores by themselves. Of about 4,000,000 business firms (exclusive of farms) in existence, about 90 per cent are small, employing five persons or less. Although the size of a business enterprise has a bearing on its ability to control the conditions of its activities, such ability to control must be considered on a relative basis. A small retail store, if it is the only one in the village, may have more ability to control circumstances in its relationships as a business unit than a large store faced with competition from others.

At the other extreme is the supercorporation. Although relatively few in number, corporations hold a dominant position in the economy. The hundred largest manufacturing corporations employ more

than one-fifth of all labor engaged in manufacturing and account for about one-third of the total value of all manufactured goods. Large business enterprises in the United States own more than half the total assets of all nonfinancial corporations and more than four-fifths of all life insurance assets. Their services are so commonplace and generally accepted that their names are familiar household terms—Aluminum Company of America, Westinghouse, General Motors, Swift and Company, and so forth.

From the broad social point of view, several questions may be raised concerning the size of business organizations. Who or what should determine the size of business? Is this a decision to be made by the interplay of economic forces, without any restraints? Is it one for society, through the government, to decide? Should business management itself make this decision? No one consistent answer has been found to these questions. Before they can be answered, more must be known about the nature of business organization and its effect on society, about what people generally expect from the capitalistic process, and about whether it is possible to ascertain rules by which management can make intelligent decisions.

In 1949, a corporation lawyer and expert on big business, Adolph Berle, testified at length before a subcommittee of the Judiciary Committee of the House of Representatives on the subject of size of business. Pointing out that the trend toward concentration of business has continued for many years, Berle stated that there is some relation between big business and prices. His principal argument, however, was that the main question was not the effect of big business on prices but the exercise of power by concentration of industry:

There is a real question as to whether concentration of industry does not mean high prices to the public. But I think this is secondary to another question, which is more important.

This is the question whether concentrated industry has too great power—power to squeeze their suppliers of raw materials, power to refuse to increase production, power to determine whether this community shall expand or that one shall shrivel up; power to dominate the place and pace and method of national development; power to determine whether a small individual can get into business and stay in business on his own; power to determine whether anyone could go into business with a reasonable chance of survival, or whether in certain businesses the only career will be as an employee of a big concern.

This, it seems to me is the real issue. There are other issues, but... they are secondary.²

Berle referred to the separation of ownership and management in big business concerns and to the failure of stockholders to accept responsibility in making decisions, a function left to managers.

These managers are not villains, or exploiters, or Wall Street demons. In the main, they have done a good job according to their lights. Actually, they are a fair cross section of America, as high-minded and responsible—and as selfish and irresponsible—as most other people, subject to the temptations which come from power, and subject to a certain amount of control by public opinion. Their difficulty is that they are responsible to no one, and that there is no clear set of road rules to guide them. Consequently they push for unlimited size, for control of markets, and for greater power.

My impression is that the managers of these concentrations are groping in the dark like everyone else. They know they are no longer merely money makers. They know that they are also responsible for a huge—perhaps an unduly huge—part of the American economy. They know that, every once in a while, having done what seemed natural and intelligent, they wind up in a criminal court for violating the antitrust laws, sometimes because they had no idea something else was expected of them. They talk about private enterprise—but they know in their hearts that they are no more private than the Secretary of Agriculture. I think they are as anxious as the House Committee on the Judiciary to have some clear enlightenment as to what is expected of them.³

Public Relations of Business

In addition to banding together for economic self-interests, individual businesses unite to form a consolidated front in many aspects of public relations, particularly that of influencing governmental policy. Such superorganizations have the advantages of impressive strength, pooled financial resources, and specialized experts on public relations procedures and techniques.

In former times, when business was made up largely of comparatively small independent units, leaders sought to obtain advantages from government by blunt and forceful means. For example, they controlled political party conventions and gained the support of

² *Study of Monopoly Power*. Hearings before the Subcommittee on Study of Monopoly Power of the Committee on the Judiciary, House of Representatives, Eighty-first Congress, first session, Serial No. 14, Part I, 1949, pp. 255-264.

³ *Loc. cit.*

legislators by placing them on their payrolls and by granting other favors, such as free passes by transportation companies. Little concern was felt about the general public attitude. Such expressions as George F. Baker's "It's none of the public's business what I do," and H. O. Havemeyer's "Business is not a philanthropy," characterized the attitude of business leaders until the close of the nineteenth century.

But methods and attitudes have changed. Now the public is carefully cultivated with flattering advertising, which often gives the consumer valuable information about new products, new uses for old products, and methods of getting better results from certain goods. The government, too, is dealt with by a well-developed science of public relations. The chief method of businessmen in carrying on their political activity to promote their interests is lobbying. The popular conception of a "lobbyist" is a stereotyped image of a somewhat nefarious person who, by devious means influences the intimidated legislator to support favorable legislative action. *This stereotype may have been accurate a generation or two ago.* Times have changed, however, and the business lobbyists, as well as those of other interests, generally seek to influence legislative action by different means from those used previously. Today the lobbyist is likely to be a skillful member of the legal, engineering, or some other profession. Frequently he is an ex-legislator utilizing his experience in public service. Not only in lobbying but also in other aspects of its public relations program, business takes into account the attitude of the public and reacts positively to it. The "public-be-damned" attitude of business is a thing of the past.

The public relations activities of business combinations, particularly those related to the influencing of governmental policy, are supplemented by superorganizations in which the businessmen themselves hold membership, offices, and committee appointments.

NATIONAL ASSOCIATION OF MANUFACTURERS The National Association of Manufacturers (NAM) is the largest and most influential of the business organizations wielding political power at the national level of government in the interest of business. Its membership of about 15,000 is made up of both small and large industries. *Though about 80 per cent of the members have fewer than 500 employees, in general the large industries direct the activities of the organization.* In 1950, 156 directors were chosen for the NAM, representing a cross section of geographical location and size of plants.

An executive committee of thirty-one members was chosen by the directors, and other special committees were formed when the need arose. On these committees, which study specialized policy questions and other matters referred to them, were such personages as the Vice-President of the Du Pont Company, President of National Cash Register, Vice-President of General Electric, President of Sun Oil Company, and President of Goodyear Tire and Rubber Company.

The NAM attempts to obtain favorable governmental policy and attitude toward industry in general. This objective involves taking a stand on policies affecting business. For example, the NAM strongly opposes legislation designed to control profits, fix prices, or limit the size of businesses. In its lobbying activity, it prepares literature for or against a pending bill in Congress and distributes the literature widely. The NAM also conducts public-opinion campaigns, testifies before congressional committees, writes and wires individual congressmen, and approaches them directly. An accurate statement of the amount spent for lobbying activities is difficult to obtain from the NAM but in 1949 the Association reported an expenditure of \$117,230 for "legislative activity." This amount placed the NAM within the first twelve of all lobby organizations in that year.

UNITED STATES CHAMBER OF COMMERCE Almost equal to the NAM in influence is the United States Chamber of Commerce, an organization of the local chambers of commerce and independent businesses and corporations. Its membership consists of manufacturers, bankers, wholesalers, retailers, jobbers, and, in fact, the whole cross section of United States business, as well as of education and public service. Because of the wide range of interests represented, the Chamber of Commerce can find a common interest only in the broadest aspects of public policy. It can muster strong support against increasing taxes and for such things as better highways and civil aviation development. Much of its work is done through its local chamber members, and it makes frequent use of a referendum of its members to obtain opinion on policy.

The United States Chamber of Commerce frequently sponsors programs of civic reform, and it often shows an interest in studying governmental procedures. The reorganization of State governments, the introduction of the city-manager type of municipal government, and national administrative organization are matters of interest to

the Chamber of Commerce. Except in times of depression, the policies of the Chamber, as depicted in its magazine, *Nation's Business*, are chiefly directed toward getting more self-government of business, less governmental regulation, and less governmental ownership of business. When business conditions become depressed, the Chamber becomes more sympathetic toward active governmental policies directed at regulating and correcting economic conditions.

TRADE ASSOCIATIONS Quite in contrast with the broad policies of the U.S. Chamber of Commerce are those of the numerous trade associations and single-commodity organizations that seek advantageous relations with government. The nature and function of the trade associations were explained in Chapter 15. These groups have the advantage of a sharply focused policy aiming at an agreed objective. For example, the National Association of Real Estate Boards can be sure of support by a virtually unanimous membership in opposition to rent control except in times of extraordinary emergencies. The National Co-operative Milk Producers' Federation can muster wholehearted support against repeal of the oleomargarine tax laws. The Association of American Railroads has no difficulty in rallying support of its members to oppose subsidization of other competitive forms of transportation. On the other hand, the U.S. Chamber of Commerce and the National Association of Manufacturers have competing firms or industries within their own organizations; hence, their policies are likely to be a result of compromise.

SUMMARY

Businessmen are highly regarded in the society of the United States because they direct the productive process by which goods are made available to satisfy wants. Decisions about certain of the basic functions of the socioeconomic system are the direct responsibility of the businessman. These functions relate to certain important questions: (1) What shall be produced for consumption? (2) How shall various resources be directed to productive purposes? (3) Where shall the division be made between using resources for production of capital goods and for production of consumers' goods—that is, saving and investment?

Production can be increased enormously by the use of capital. The temporary delay or postponement while producers' rather than

consumers' goods are being made is more than made up by the increased production later on. The emphasis on production has resulted in concentrations of capital wealth managed either by the owners or by those whom the owners designate as managers. This capitalistic process of production places responsibilities upon management to make basic decisions affecting society, as well as business itself. Risks of various kinds—natural, human, market, governmental policy—are assumed by the businessman, whose reward for assuming these risks is profit. Some of the risks may be reduced by insurance and by control of consumer wants through advertising. Businessmen are not, of course, the only persons who bear business risks. Laborers take risks, since they may be affected by managerial decisions resulting in wage reductions, unhealthful conditions of work, and even unemployment.

The process of economizing does not take place apart from the whole of society—that is, there are interrelationships between businessmen and society. One of these is the relationship of size of business and society. In general, the size of a business determines the control that it may exert over the community that it serves. For example, a large-scale business exercises power by controlling the rate of production, supply of raw materials, economic fortunes of communities, pace of national economic development, and other conditions in society. The size of business therefore is an important social, as well as economic, question. Another relationship is the public relations program of business. In former times, business leaders used blunt and forceful methods to obtain advantages. Now, however, the public is cultivated by various means, and the government is dealt with by a well-developed science of public relations. Super-organizations of businesses, such as the National Association of Manufacturers, United States Chamber of Commerce, and trade associations, operate to influence governmental policy. The chief method used by business to carry on its political activities is lobbying, which is conducted in an organized and skillful manner. Not only in lobbying but also in other aspects of its public-relations program, business takes into account the attitude of the public, since a favorable reaction from both society and government is essential to success in business.

QUESTIONS

1. Explain the basic functions of the businessman in a capitalistic society. Do consumers direct the businessman in fulfilling his functions or is the businessman a free agent in his activities? Explain.
2. What is meant by the roundabout method of production?
3. Who assumes the risk in an economic organization in a capitalistic state?
4. Explain the main features of the management of business in the capitalistic process of production.
5. Distinguish between the narrow viewpoint and the broad viewpoint of business activities in the United States.
6. What are the reasons for the increase in political activity of business organizations, trade associations, and corporations in the United States?

DISCUSSION

1. What arguments may be made for giving labor a voice in management? What arguments against?
2. What businesses, if any, should be allowed to reach the size of a supercorporation (over a billion dollar capitalization)?
3. Is it your opinion that small business is rapidly becoming a thing of the past? Give reasons for your answer.
4. Would you favor giving our fifty largest corporations some kind of representation in the national Congress? Why or why not?
5. Does the growing corporation promise less or greater opportunity for young men of ability as compared with the opportunities offered a half century ago, when business units were smaller and more individualized? What are the reasons for your point of view?
6. "The businessman is a part of the total social community and cannot be realistically viewed or understood apart from this context." Discuss.

TERMS

Collective bargaining: In labor-management relations, the processes whereby chosen representatives of workers negotiate with the employer concerning such matters as wages, hours, shop rules, and working conditions.

Insurance: Protection from loss resulting from a risk. Paid for on the basis of percentage of the likelihood of loss.

Land: In an economic sense, the natural resources, land, minerals, ocean, natural vegetation, and so on, used or usable in economic production.

Potlatch: The winter festival celebrated by some Indian tribes in the North Pacific area. This festival is observed by feasting, dancing, and the ceremonial distribution of gifts.

Private enterprise: A characteristic of an economic system in which private persons assume the risk involved in the economic process and receive the profit accruing from it.

Risk: The element of uncertainty involved in carrying out the economic process in a capitalistic society.

Stereotype: An aspect of culture that has become a fairly clear-cut mental picture. Usually the picture has strong emotional ties and is accepted without detailed verbal analysis. For example, such words as "fireman," "slum," "foreigner," and "bureaucrat" bring a similar mental image in the minds of most people.

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The second of the Big Three interest groups in American society is labor. Simultaneously with the growth of business, particularly big business, labor interests developed and labor organizations became important in the social order. This chapter deals primarily with the efforts of labor to organize in order to promote and defend its interests. The following chapter is devoted to particular interests and problems of labor in the United States.

In general, everyone who works to produce goods and services is a laborer. Almost everyone is included under this definition—the manager of a large corporation, engineer, physician, farmer, housewife, teacher, day laborer. The popular conception of the laborer, however, and the one used in this book, is of the person who works for wages—the day laborer.

The day laborer works for someone; he is an employee. During the last hundred years, the United States has become predominantly a nation of employees. About four out of five in the total labor force work for someone else. Although laborers are predominantly employees, they are mostly skilled workers—those workers having technical proficiency in an occupation requiring a comparatively long training period. The ratio of skilled workers, accompanied by an increase in specialized types of work, has been rising rapidly in proportion to the total working population. The proportion of semiskilled workers also has increased. These are the people who work on particular jobs or machines and who, developing their skills in a short period of training, usually know little of any other job in the business.

With such a large proportion of the total working force of the nation made up of employees, laborers naturally have developed particular interests that reflect their position in the social order.

Their interests have not always been recognized by employers and others in society. Therefore, laborers gradually have developed a group consciousness, which has resulted in their uniting to advance their interests and welfare.

Laborers organize for the same fundamental reason as do manufacturers and other producers—that is, to control the price and supply of goods and services. In the case of labor, this purpose includes the control of price or wage, the supply of laborers, and conditions and hours of work.

In the United States, the effort to organize labor has been less successful than in some other countries. Probably not more than 15 per cent of the organizable workers in the United States belonged to labor unions before World War II,¹ whereas in Great Britain, France, and Germany, 25 to 35 per cent were organized at that time. In the United States, the white-collar and agricultural labor groups generally have refused to become a part of the labor movement. Nor does American labor present a united front. For about twenty years, two large and separate groups—the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO)—were in some respects rival interest groups. Though these two groups merged in 1955 (AFL-CIO), some organized laborers are not affiliated with the large group but have their own independent unions—for example, the Railway Brotherhoods and the United Mine Workers of America (UMW).

NATURE OF THE LABOR MOVEMENT

Objectives of Labor

The labor movement in the United States has been characterized by the efforts of workers to achieve certain basic objectives. Among these aims, the right to work (to have a job) has been paramount; the worker has striven constantly for security in his job. He has felt himself to be a victim of the economic system in which he lives and has sought protection against the fluctuations of general business conditions with alternating periods of depression and prosperity.

Higher wages and shorter hours of work also have been constant aims of labor. Organized labor has argued that both of these conditions benefit employer as well as employee. It contends that shorter hours of work result in less fatigue and therefore more production.

¹ In 1950, about 28 per cent of the organizable workers were members of labor unions in the United States.

Labor argues also that higher wages result in increasing the workers' purchasing power, which creates greater demand for goods and stimulates production. A minimum wage throughout industry is supported by labor on the claim that it contributes to efficiency, since, when an industry is prevented from cutting wages, the least efficient plants will fail in competition with the more efficient.

A third objective of labor has been to acquire a voice in the determination and administration of shop rules. Unions claim the right to work with management in such matters as determining the need for safety precautions, sanitary facilities, proper lighting, and ventilation. They also want to have a voice in determining the speed of production and seniority rights. In some instances, they seek to limit the number of available workers for a given job.

Labor has worked also for recognition of the union as the bargaining agent for the shop, holding that unless the employer recognizes the union as the sole bargaining agent, collective negotiation between employee and employer is impossible.

In addition to the above four objectives, organized labor today is stressing (1) compensation for injuries and occupational diseases, (2) provisions for security in old age, and (3) a guaranteed annual wage or income. Several work stoppages have occurred in recent years because the workers concerned have demanded that provision be made to meet these objectives. A notable example of such demands was that of the United Mine Workers, under John L. Lewis, for retirement pensions.

Methods of Labor

Labor unions have used several methods to attain their objectives. Some of these methods have been used during most of the history of organized labor; some have not been used as extensively as others; and some have been rather recent in their application.

TRADITIONAL METHODS OF LABOR Basic to the labor movement in the United States is the process of *collective bargaining*. In this process representatives chosen by the workers negotiate with employers concerning hours, wages, working conditions, and other matters. If agreement is reached, there is drawn up a contract which serves as a written constitution for the shop. The agreement prescribes in detail hours and wages for each class of workers, shop rules and discipline, conditions of employment and layoff, and sanitary and safety facilities to be provided by the employer. Collective

bargaining has been considered by labor unions one of the most effective ways of obtaining their main objectives.

Another traditional means of labor is the *closed shop*, in which an employer is required to hire only members of the union, who then must remain members or lose their jobs. Recent legislation of the national government and some State governments has made the *closed shop* illegal.

Somewhat similar to the closed shop is the *union shop*, which requires all employees to remain members of the union and those hired to become members within a specified length of time. This type of shop is recognized by law. The demand of labor for a closed shop or union shop is closely associated with the objective of recognition of the union, since the employer must recognize the union when he hires his employees in a closed or union shop.

A third traditional method of labor is the use of the *boycott*, an organized protest by workers against the use of goods produced by employers unfriendly to labor. Members of the union refuse to buy those goods and try to influence their friends to do likewise. If members of a labor union not directly interested in the protest agree not to patronize the firm, they engage in a secondary boycott. For example, if the garment workers of a factory boycott their employer, and the textile mill workers, out of sympathy for the garment workers, do the same thing, the garment workers would be engaged in a primary boycott, while the textile workers would be conducting a secondary boycott. The Taft-Hartley Act of 1947 made the secondary boycott illegal.

A fourth traditional method of labor is the *strike*, labor's most powerful coercive weapon. When workers in unison refuse to continue to work under certain conditions, they are said to "strike." In most cases, laborers will not resort to the strike unless other means of meeting their demands have failed. Although the strike is an effective method of labor, it is extremely expensive to both union and individuals. Union resources are drained, and the individual laborer's income is stopped. The Bureau of Labor Statistics estimated that from the end of World War II to midyear of 1952, wages lost by workers from strikes amounted to about \$4.5 billion. The report also estimated that for the same period of time the work-time lost was 350 million man-days. *Sympathetic strikes* occur when workers in plants other than those in which the strike is in progress refuse to work until the demands of the workers starting the strike are met. During the 1930's, the United States experienced a different

kind of strike. Instead of withdrawing, the workers remained in the plant continuously and refused to work. This method of striking, called the *sit-down* or *stay-in strike*, was declared illegal by the United States Supreme Court in 1939. *Picketing* consists of watching the place of employment to prevent nonunion members from entering and doing the work of the union members who are on strike. If the union did not picket a plant, the strike might be ineffective. Violent picketing was made illegal by the Taft-Hartley Act of 1947.

METHODS OF RESTRICTED APPLICATION Some methods used by labor to achieve its objectives have not been applied as generally as those described above. Methods of this type are control of apprentices, union label, and sabotage. The *control of apprentices* is sought by the union to limit the supply of competent workers so that wages may be kept at a high level. This practice is possible in types of work requiring a high degree of skill. Some labor organizations attempt to get a *union label* attached to the finished product as it is placed on the market. The purpose is to encourage the public to buy only goods bearing such labels. *Sabotage* consists of deliberately destroying machines and materials or of slowing down work.

METHODS OF RECENT APPLICATION In recent years, labor has resorted to additional methods of attaining its goals. Some of these methods were attempted earlier but without organized effort and hence were not as effective as they are at present. One of these, *featherbedding*, is the practice of applying union work rules which limit output of goods or services or which regulate the utilization of manpower in operation of machines. The effect is to create more jobs than is actually necessary to do the work. For example, the Brotherhood of Locomotive Engineers may decide that the diesel locomotive having a certain number of power units requires more than one engineer to operate it, although in fact such a locomotive may be operated adequately by only one person.

Political action has been mostly of an indirect nature. Traditionally, labor unions in the United States have shunned direct political action. Instead, they usually have backed candidates of the major political parties who have shown sympathy toward the interests of labor. In recent years, organized political effort has been implemented by the formation of organizations closely allied to the national labor unions. Two of the best known of such organizations have been the Congress of Industrial Organizations' Political Action

Committee (PAC) and Labor's League for Political Education (LLPE), sponsored by the American Federation of Labor. These organizations were interested primarily in persuading labor union voters to register and in getting the registered voters out for elections. In addition, these organizations distributed literature among union members regarding political issues of interest to laborers, voting records of congressmen and State legislators, and political candidates who were favorable to the interests of labor. Since the merger of the AFL and CIO in December, 1955, political activity has been consolidated into one agency to carry on the work of the two former organizations.

Legal action is a relatively new labor method. It resulted from the National Labor Relations Act of 1935 (Wagner Act). This Act set forth types of unfair labor practices in which employers could not engage. It also laid down rules for the choosing of bargaining representatives and provided an enforcement agency—the National Labor Relations Board (NLRB). Though the Labor Management Relations Act of 1947 (Taft-Hartley Act) amended the Wagner Act, the NLRB was continued as an agency to supervise labor-management relations regarding unfair labor practices of employers. The Board has the authority to hear cases against any employer charged with unfair practices. If an employer is judged guilty, the Board issues cease-and-desist orders against him. It cannot enforce its own orders but has to resort to a United States Court of Appeals to obtain compliance when an employer does not obey the Board's orders. The case is heard before the court, and the judges determine whether the Board's orders are an exercise of its authority. Thus the work of the Board protects labor in collective bargaining and from unfair labor practices of the employer.

Difficulties of Labor in Organizing

The labor movement in the United States has experienced many difficulties in developing strong, unified labor organizations. These difficulties have been due to conditions in American society, conditions within the ranks of labor itself, and opposition of employers.

CONDITIONS IN AMERICAN SOCIETY Historic conditions of American life have influenced the attitude of laborers as well as other groups of people. A tenacious democratic spirit, absence of a hereditary privileged class, and unlimited economic opportunity have made it difficult to develop the group consciousness so necessary to strong

labor organizations. Because of these historical conditions, the laboring man for many years held to the belief that he would not remain in the working group all of his lifetime. This tradition led him to think that if he were a member and paid dues to a labor union and submitted to its discipline, he would be committing himself to remain in the working group. Only recently have laborers become increasingly group conscious, as the influence of this American tradition has diminished in its effect.

Labor has worked under the disadvantage of an unfriendly public opinion, which in the United States is essentially middle-class and property-minded. Stress in American society is placed upon productivity, and the public loses economically in strikes or work stoppages. The agencies molding public opinion, such as newspapers, radio, and magazines, are often unfriendly toward labor, so that complete information about the issues involved in a labor-management controversy is difficult to obtain, and a biased opinion often results.

Closely associated with an unfriendly public opinion has been the unfavorable attitude of the national and State governments toward labor. These governments have reflected the middle-class beliefs that labor unions are unnecessary in a country of unlimited opportunity. The national government has been willing, in the past, to use troops to put down strikes and has been reluctant, until recent times, to enact protective labor laws.

The judicial departments of both national and State governments have been considered by labor the most hostile branch of government. The injunction ordering men not to strike was used by the courts rather freely from the 1880's to the 1930's. The basis for its use was the legal theory that irreparable damage would occur unless certain acts of questionable legality were prevented. Labor has especially disliked the injunction, disputing the presumption that maintaining the *status quo* does justice to both sides. Labor also claims that it is arbitrary for one judge to have the power to hold a man in contempt of court for disobeying an injunction and to sentence him without trial by jury. The attitude of both the public and government, however, has changed within the last twenty-five years, and the conditions in American society that once hampered the organization of labor no longer prevail to the degree that they once did.

CONDITIONS WITHIN THE RANKS OF LABOR *Difficulties in organizing*
have been experienced within the ranks of labor itself. Conflicts have

occurred between skilled and unskilled workers; between Negro and white workers; and between native and foreign-born workers. In past years, immigration supplied a constant flow of cheap labor. The immigrants, speaking different languages and not understanding the culture of the United States, hesitated to join labor unions. Native workers resented the foreigners' aloofness or timidity, as well as their willingness to work for low wages.

Labor groups also have had grave differences over ideologies and methods. Some groups have supported the idea that labor gains should come from union activity and pressure upon political authority. Others have wanted labor to organize political parties to get control of the government and put their programs into effect. Some labor groups have believed that the greatest gains should come gradually. Others, such as the Black International and the Industrial Workers of the World, have been less patient, advocating direct, revolutionary action to overthrow the existing socioeconomic system and to establish a different one.

The question of jurisdiction also has weakened labor in its own ranks. In past decades, many bitter quarrels have arisen between two or more unions, each claiming the right to perform or control a certain job. Here are some examples of jurisdictional quarrels: Shall carpenters or iron workers install radiator covers? Shall teamsters or chauffeurs drive the vehicles carrying railway express loads? Shall brewery workers or teamsters and chauffeurs control the hauling of brewery products? During the time when the AFL and the CIO were separate labor groups, serious jurisdictional problems arose as each claimed control of a certain plant or job, and sometimes work stoppages resulted.

Another difficulty within the ranks of labor has been lack of resources. The individual laborer has had only his wage to rely upon, and his income has been inadequate for him to lay aside a reserve. Likewise, labor unions have been unable to assess membership dues sufficient for accumulating reserves adequate to help take care of the laborer in times of adversity. Recurring economic depressions wipe out union reserves and prove disastrous to the maintenance of union membership. Yet unless the union can help him in time of need, the worker feels reluctant to give it his undivided support. During recent years, reserves of some of the stronger unions have been built up, and claims are made that with present unemployment insurance systems and union benefits, the worker will be cared for better than ever before.

OPPOSITION OF EMPLOYERS Employers have used several means to resist the demands of labor and to hinder workers from uniting in labor unions. They have realized that if laborers organize it is more difficult to resist their demands for higher wages, better working conditions, and other benefits. During the early history of the labor movement, several means were used to keep organized labor weak. Convicts and paupers were rented as laborers from public jails and poor farms. Contracts were made with prospective European immigrants to work for low wages. Child labor was enforced by discharging the whole family if one child was taken from the factory to be placed in school.

During this early period employers placed chief reliance upon the common law to support their position. The unions were considered conspiracies, and members sometimes were arrested for criminal action. Many conspiracy trials were held in the early part of the nineteenth century. In virtually every case, the employers were successful in getting the courts to judge the members of labor unions guilty of criminal conspiracy. Not until the 1840's did State courts begin to recognize the right of laborers to organize, and even then the charge of conspiracy continued to be used in opposing certain activities of organized labor.

Another concept of common law used by the employers was the "fellow servant rule." According to this concept, if an injury to a worker might have been caused by the negligence of a fellow worker, the employer could not be held responsible for the accident. Closely associated with the "fellow servant rule" was another common-law concept usually referred to as the "assumed risk" doctrine. When a worker accepted a job, he assumed full responsibility for possible injuries and diseases resulting from the work. If an accident occurred, his own carelessness or that of a fellow employee was to blame. Not until the early part of the twentieth century were workmen's compensation laws enacted by the States. These laws placed the responsibility upon the employer for accidents involving injury or death of employees.

Although labor had been exempted by the middle of the nineteenth century from some of the adverse principles of common law, certain forms of union activity continued to be regarded as violations of the common-law doctrines of unlawful conspiracy and illegal restraint of trade and were applied to legislative enactments. For example, the Sherman Antitrust Act of 1890 was interpreted by judges of the national courts to apply to labor as well as to business.

after employment. The validity of this type of contract, which proved effective in keeping workers unorganized, was for many years upheld by the courts. Although "yellow-dog" contracts were used as early as the 1820's, they did not become common until the 1870's. Naturally, such contracts were opposed by organized labor, and in 1898 a national law prohibited them from being used in railroad employment practices. The Supreme Court, however, invalidated the law and in 1915 made a similar decision regarding a State law that made use of the "yellow-dog" contract a legal offense. Subsequently, both national and State governments passed effective laws against the use of the anti-union contract. The Norris-LaGuardia Act of 1932, mentioned above, made such contracts unenforceable in national courts, and since that time State legislation has followed suit.

Employers have used certain practices in connection with management of plants to hamper labor from forming strong unions. One of these practices has been the lockout—locking employees out of plants. In the lockout, plants are closed, with the warning that the union must disband or meet the employer's terms before the plant reopens. Lockouts usually occur when inventories are high and orders low. Employers also have held out for the open shop as opposed to the demands of labor unions for the closed shop. In the open shop, both union and nonunion laborers are hired. Furthermore, some employers have organized labor unions, known as company unions and controlled by the management of the firm, within their own shops. Company unions were declared illegal by the National Labor Relations Act of 1935.

Some employers have hired labor spies to join the union and work with the members in order to know their plans. Having this information, management might forestall the activities of the union. At one time, the Pinkerton detective agency was used extensively for this purpose. Some employers went further by hiring private armies to put down strikes by the use of violence. Pinkerton detectives often were used for this purpose also.

Realizing that united action would make their opposition to labor more effective, employers have used their trade associations (discussed in Chapter 15) to exchange information about laborers. A commonly used practice is the blacklist—a roster of names of workers suspected of union activity or otherwise undesirable to employers. The members of the trade association agree not to hire any worker whose name is placed on the list. This practice, of course, makes it difficult for a listed laborer to find work.

Before the 1930's, employers sometimes resorted to indirect means

of opposing organized labor. These various practices were known collectively as "welfare capitalism." Included in welfare-capitalism programs were such plans as profit-sharing devices, sickness and old-age insurance, stock ownership, and recreational programs. The motive behind welfare capitalism was to prevent labor union activity by the use of kindness; laborers were supposed to be contented with these "good" things. Laborers, however, understanding the purpose of welfare capitalism, often referred to these tactics of management as "hell-fare capitalism."

Most of the "welfare" programs were discontinued during the depression of the 1930's. In the late 1940's, however, most of the programs were revived and came into more general use than previously. They no longer are considered by labor as obnoxious management practices but as benefits to labor. At present, the purpose is not to "kill unions" but to attract laborers when the demand for labor is great. In fact, some of the former programs of "hell-fare capitalism" are now included in labor's demands relative to conditions of employment, and the union often has some control over the programs.

BACKGROUND OF NATIONAL LABOR UNIONS

Early Labor Movements

The early labor movements in the United States developed from the growth of the factory system of production, which came into existence here after the War of 1812. This system of production resulted in an increase in the number of wage earners and in new social conditions for the worker and his family. Wages for men were low, and for women and children, who were employed in increasing numbers, even lower. By today's standards, working conditions were intolerable. The work day was from twelve to sixteen hours, and inadequate ventilation, poor lighting, dangerous machinery, and lack of cleanliness were characteristic of these early factories.

Working people complained about their working conditions, but the influence of labor was not strong, because the workers were not organized effectively. The few labor unions or "trade associations" that were formed before 1812 were unable, for the most part, to survive the panic of 1819. When business began to revive, there were formed new associations, some of which included factory workers. The panic of 1837, however, brought this labor movement to a halt. The only survivors were a few locals with strong popular support.

During the 1840's and 1850's, workers were distracted from the real issues of unionism by other movements. Producers' and consum-

ers' co-operatives were organized in various parts of the country. Communal experiments flourished. Numerous other plans and ideas were advanced as being beneficial to labor. As one economic historian said, "There was no lack of a Moses to lead the children of toil out of bondage, but there was no Joshua to conduct them beyond the wilderness."⁵ Laborers were confronted with so many bewildering schemes that they grew suspicious of all social experiments and turned back to trade unionism. Many of the new trade unions survived the panic and depression of 1857, so that when Civil War prosperity came, labor was ready to advance.

Influence of Industrialism

The two decades following the Civil War witnessed a tremendous industrial growth in the United States. The changes in society caused by industrialism had a far-reaching effect upon the life and economic position of the factory worker. In the first place, the industrial worker came to be a member of a group in society that was dependent upon the factory system for jobs. This social group tended to become permanent; therefore, dependence on the job became the most important aspect of life to the worker and his family.

In the second place, the price of labor was considered an item in the total cost of production to be kept as low as possible. As a result of the separation of ownership from management in large-scale business, the owners (absentee stockholders) were interested principally in dividends, and management was required to produce them. Laborers were hired when needed and fired when the need no longer existed. This whole situation resulted in insecurity for the industrial population. No matter how faithful or competent he was, the worker always had to face the possibility of the loss of his job, or, of less importance, a reduction in wages. The laborer also had to assume the risks related to the work he was doing—accident, sickness, and eventual old age without assistance. Few employers admitted any responsibility, and the general public, through government, accepted little responsibility for the worker's welfare. The laborer's own income was insufficient to provide adequately against the insecurity of his status in an industrial society.

In the third place, the period of industrial growth was a time of rapid increase in the number of industrial workers. The total number of wage earners in 1859 has been estimated at 1.3 million; fifty years later the number had increased to 6.6 million. By 1910, the number

⁵ Fred A. Shannon, *America's Economic Growth* (New York: The Macmillan Co., 1940), p. 242.

of people working in industry was about equal to the number engaged in farming, and by 1920 more people were gainfully employed in industry than in agriculture.

A growing group-consciousness among laborers, their insecure status, and the rapidly growing number of laborers combined to form the foundations upon which national labor organizations were built. As employers became more powerful, labor was forced to use what strength it had to protect itself and to advance its own interests. Labor found that in union there was strength, and the period after the Civil War witnessed a growth of labor unions on a nation-wide scale.

NATIONAL LABOR UNIONS

The National Labor Union

The first labor union to be organized on a national scale was the National Labor Union, which was founded in 1866. By that time, virtually every large city had its city trades' assembly, through which the labor unions of the city achieved some degree of unity. Also, there were some trade unions claiming to have a national membership, some eight-hour leagues (promoting the eight-hour working day), and other labor organizations with specific objectives. Representatives of these various organizations met at Baltimore in 1866 to form the National Labor Union. They chose as their leader William H. Sylvis, of the Molders' International Union. Statesman-like conservatism characterized the leadership of Sylvis. The National Labor Union had a membership of 640,000 at its height of influence in the early 1870's. When it entered politics and became involved in the presidential campaign of 1872, however, dissension arose within its ranks, and it soon dissolved.

Three outstanding contributions to the cause of unionism are credited to the National Labor Union. First, it charted the course of national unification of labor and thus served as a forerunner of more lasting efforts in this direction. Second, it exercised a decided influence on the movement for an eight-hour day. Third, it was instrumental in getting State labor bureaus established for the purpose of gathering statistics pertinent to the scientific study of labor questions.

The Knights of Labor

In addition to dissension over politics, another reason for the decline of the National Labor Union was the rise of a more effective labor organization. The first labor movement designed to bring about

a nation-wide organization of all industrial workers took place in 1869, with the formation of the Noble Order of the Knights of Labor. This union began in Philadelphia as a fraternal order of local tailors. Its founder, Uriah Stephens, proposed a secret society open to all laborers, with no discrimination among crafts. Subsequently, a rule was adopted stipulating that at least three-fourths of the membership of local lodges must be wage earners eighteen years of age or older. Persons excluded from membership were designated in the following statement: "No person who either sells or makes a living, or any part of it, by the sale of intoxicating drinks, either as manufacturer, dealer or agent, or through any member of the family, can be admitted to membership in this order, and no lawyer, banker, professional gambler or stock broker can be admitted." The motto of the union was: "That is the most perfect government in which an injury to one is the concern of all." Hostile public opinion caused the Knights to abandon secrecy in 1881, although many of the older members opposed this move.

Stephens, the first Grand Master Workman of the Order, set the organization on the path of idealism. He discountenanced violence, exalted justice, and pleaded for the moral elevation of mankind. His successor, Terrence V. Powderly, who became Grand Workman in 1879, continued the ideals and principles of Stephens but was a more practical leader and administrator. Under his leadership in the 1880's, the Knights of Labor reached its highest peak of growth, with a membership of more than 700,000. The union itself boasted that more than a million workmen in the United States and Canada had vowed "fealty to its knighthood."

The program of the Knights of Labor called for political action by advocating laws to safeguard the health and safety of the workers, the abolition of contract labor, the prohibition of labor of all children under fourteen years of age, the eight-hour day, and higher wages. In addition, the program provided for the establishment of co-operative enterprises, and the Knights embarked upon an ambitious scale of co-operative projects. By 1887, they had eleven newspapers and more than fifty factories. But in these projects they could not compete with industrial concerns. Most of the co-operatives collapsed, with resulting losses in membership to the union.

The rapid growth of the Knights of Labor brought into its ranks many members who did not understand the ideals and moral-uplift program of the Order. The radical element gained control of local lodges in many communities; and the conservatism of the national

leaders became merely a shield for the rowdy, who brought the entire Order into popular disfavor. In addition, the Knights engaged in several unsuccessful strikes during the 1880's and were blamed for using violence in other strikes and labor disorders in which they did not participate.

During the strikes, laborers suffered from retaliation by the employers, who used blacklists and "yellow-dog" contracts. The members of the craft unions began to withdraw from the Knights of Labor, and because they had furnished the leadership, their withdrawal caused the whole Order to suffer. By 1894, the Knights of Labor had ceased to be an important organization in the labor movement, and eventually went out of existence.

The American Federation of Labor

The disaffected craft-union members of the Knights of Labor helped to organize a different type of national labor organization—the American Federation of Labor. The new organization was able to compete successfully with the Knights of Labor, the decline of which it hastened. The organization of the AFL had been completed by 1886. Samuel Gompers was elected the first president and remained in that position, except for one year, until his death in 1924. William Green succeeded Gompers and retained the presidency until his death in 1952, when George Meany became president.

Membership in the new union grew slowly until the beginning of the present century. In 1917, its membership reached about 2½ million, representing virtually every element of skilled labor except the railway employees and a group of electrical workers. Although the membership has fluctuated from time to time, in 1950 the AFL claimed a membership of 8 million.

The principles upon which the program of the AFL was based differed considerably from those of the Knights of Labor. Gompers and his followers insisted that labor could gain most by its own efforts and not through governmental action. Therefore collective bargaining, shop agreements, and, as a last resort, the strike were to be used. The AFL also felt that demands for shorter hours, supported by a nation-wide federation, would be far more effective than reliance upon politicians and office holders. Gompers consistently held that the objectives of labor could be gained by labor itself, and that therefore "society-saving and society-destroying schemes which . . . have been sprung upon this country" should be avoided. He would resort to legislation only for those objectives that laborers

could not attain through their own efforts, such as abolition of child labor and establishment of employers' liability.

The AFL differed from the Knights of Labor also in that its organization was based upon co-operating craft unions, with their membership of skilled workers. The Knights of Labor attempted to bring together all workers into one great centralized organization, regardless of skill or trade. The individual member joined the central organization of the Knights; in the Federation he joined his local trade union. Usually his local held membership in a national trade union, which in turn was affiliated with the AFL. Hence the Federation was a union of unions, chiefly of the craft type but including some of the industrial type. Some local trade unions and a few "federal" unions (organized on an industrial basis) were responsible directly to the central offices of the Federation. In the Federation, each separate national union had full control over its own affairs, but it had the support of the central organization in matters affecting labor as a whole.

The Railway Brotherhoods

Simultaneous with the growth of the Knights of Labor and the American Federation of Labor was the emergence of another powerful labor group—the "Big Four Railway Brotherhoods." The "Big Four" are the Brotherhood of Locomotive Engineers, the Brotherhood of Railroad Trainmen, the Order of Railway Conductors, and the Brotherhood of Locomotive Firemen and Enginemen. The increase in the number of railway workers accompanying railroad expansion after the Civil War provided an impetus for the formation of the railway brotherhoods, and by 1883 each of these groups had a closely-knit, well-regulated national union.

Among the railway brotherhoods, mutual benefits and insurance have been of primary concern since the beginning of their organization. Insurance benefit retirement, accident insurance, and other funds have aided needy members. The "Big Four" have kept aloof from the rest of labor, having no affiliation with either the AFL or the CIO. This attitude has been due largely to their strategic position and to the proud traditions of the railway unions. There has never been serious disagreement in the brotherhood ranks, and jurisdictional disputes have been trivial. Although the railway brotherhoods have never affiliated with other labor unions, they have co-operated with other labor organizations in advancing the cause of labor in general.

Socialist Labor Organizations and Parties

Socialist theories were prevalent in many labor groups in the period after the Civil War, but the European radical aspect of Marxian socialism—that is, communism—did not win strong support in this country. Socialists generally worked through political action. The first socialist party, the Social Democratic Workingmen's Party of North America, formed in 1874, was relatively weak. Further attempts to organize led to the establishment of the first permanent socialist party in the United States—the Socialist Labor Party. The Socialist Labor Party did not satisfy many socialists, among whom was Victor Berger of Milwaukee, who organized the Social Democratic Party in 1898. Berger converted Eugene V. Debs, who soon became the leader of a movement for fusing various elements of socialism into a single organization. This effort was partially successful in 1901, when the present Socialist Party was organized. The older Socialist Labor Party continued its existence with its more radical program but generally lost strength.

Organized communism in the United States began in 1919, when William Z. Foster founded the Workers' Party. Numerous splits occurred in the organization, but the various factions merged again in 1924, when Foster, as a candidate for President, polled more than 36,000 votes. The greatest strength of communism was shown in the election of 1932, when about 103,000 votes were cast for Foster. The name "Communist Party" was first used in this election. After 1932, communist political strength dwindled, and during World War II, the Communist Party disbanded, though it was reactivated in 1947. Largely because of the concern about the infiltration of communism into the United States, Congress in 1954 virtually outlawed the Party with the Communist Control Act, declaring it to be a "conspiracy to overthrow the government of the United States" rather than a political party, and denying it a place on the ballot and other legal rights and privileges.

Although the dominant trend of labor organization from the 1880's to the late 1930's was craft unionism, in 1905 there was formed an industrial union called the Industrial Workers of the World, commonly referred to as the IWW. A statement of their beliefs will indicate the aims of the group. They demanded the formation of "one great industrial union, embracing all industries, providing for craft autonomy locally, industrial autonomy internationally and wage class unity generally." Believing that a class struggle between

labor and capital was inevitable, they advocated the use of direct action to "take possession of the earth and the machinery of production and abolish the wage system." Direct action consisted of such methods as the boycott, the general strike, and sabotage. The IWW endeavored to overthrow the existing order by using methods best suited to the occasion. The violent methods and revolutionary language used by the group aroused the public, and when the IWW opposed the entrance of the United States into World War I, public hostility caused the organization to disband. After the war most of the members were absorbed into the workers' groups favoring communism.

TRADE UNIONISM VERSUS INDUSTRIAL UNIONISM

The organized labor movement of the United States developed rapidly under favorable governmental policies of the late 1930's and early 1940's. In experiencing this rapid growth, leaders made the discovery that many of the shops might be organized more practicably on the basis of industry rather than craft. The AFL granted several charters to "federal unions" (organized on the industrial basis), much against the will of some of the leaders, who were strong craft-union men. Included in the new membership were many workers who were not acquainted with the traditional conservatism of the AFL and who introduced a more militant tone. In 1934, this new temper was seen clearly in the annual convention of the AFL. The decision was made to promote industrial unionism in certain industries using mass production methods, such as in the automobile, steel, aluminum, radio, rubber, and cement industries. The executive council, however, did not carry on an aggressive organizing campaign in these industries, so that few charters were granted. In the 1935 convention, a minority report of the resolutions committee endorsed the industrial unionism proposal, but the convention rejected it.

The leader of the industrial unionism proposal was John L. Lewis, head of the United Mine Workers of America. Shortly after the convention adjourned, Lewis and the leaders of six AFL unions formed a committee, the "Committee for Industrial Organization," to organize unions on an industry-wide basis. The executive committee of the AFL denounced the Committee for Industrial Organization as a "dual movement" designed to split the ranks of labor and called upon it to disband. At the same time, a committee was

appointed to negotiate an understanding between the two groups. When no settlement could be arranged, the CIO was joined by four other unions. The CIO unions then were suspended from the AFL and countered with an organizational drive that resulted in open warfare as rival organizers of the two groups invaded each other's territory. Within a few months, CIO unions had obtained contracts with the United States Steel Corporation, General Motors, the Chrysler Corporation, and several other companies.

By autumn of 1938, with a claimed membership of 4 million, the CIO felt strong enough to stand alone as a national labor union and adopted the name of "Congress of Industrial Organizations." John L. Lewis was elected president and served until 1940, when he resigned, having pledged that if President Roosevelt were re-elected he would give up his office. Philip Murray succeeded Lewis as head of the CIO and remained its head until his death in 1952, when Walter Reuther, of the United Automobile Workers, was elected president. Lewis continued to be a powerful labor leader as head of the UMW. Under his leadership, this union withdrew from the CIO, rejoined the AFL, withdrew from it, and again became an independent union.

The struggle between the AFL and the CIO was caused in large part by the established craft unions' failure to recognize the importance of the unskilled worker to the labor movement. By admitting large numbers of new members, a possible threat might arise to the traditional craft control of the national organization and the jurisdiction of many of the craft unions. Nor was the AFL as active in organizing new unions as some members wished it to be.

Although the rivalry between the CIO and the AFL was bitter, an examination of the two labor organizations reveals that the differences between them were rather minor. The AFL was said to represent craft or trade unionism. It did not accept the term *craft* but maintained that laborers work at trades, such as the carpenter's trade, machinist's trade, or typesetter's trade, and that the term *trade unions* best described the unions that were affiliated with the AFL.

The CIO was said to represent industrial unionism. Theoretically, an industrial union includes all workers in a given industry, regardless of the separate trades they follow. For example, all who work in the automobile industry belong to a single union; all steel workers belong to one union; and so on. Of two plumbers living in the same city, one might be a regular employee of a steel plant and the other

of an automobile factory. They would belong to the same trade union—that is, the local for plumbers. But under industrial unionism, they

AFFILIATION OF LABOR UNION MEMBERS

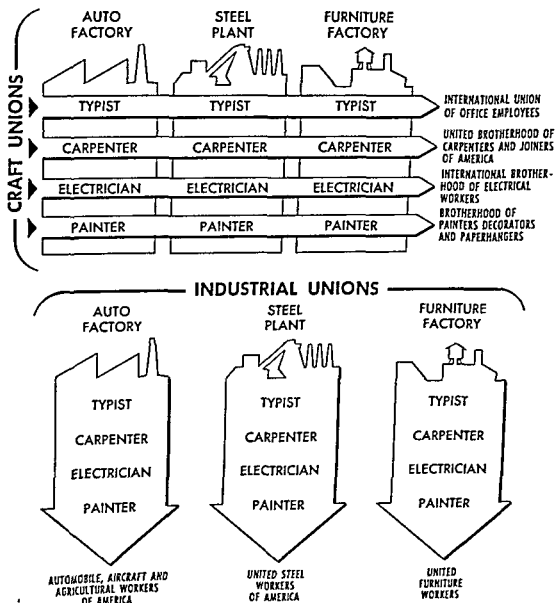


Figure 23. This diagram shows the difference of affiliation of members of craft unions and industrial unions

would belong to different unions, one to the steel workers' and the other to the automobile workers' union.

Actually, the AFL did not fully represent craft or trade unionism, nor the CIO, industrial unionism. In the AFL, the International

Brotherhood of Electrical Workers, a craft union, included workers who could not possibly be called electricians. Furthermore, the "federal unions" that were organized by the AFL in different plants throughout the country were industrial unions on a local scale. On the other hand, the Flat Glass Workers union of the CIO was a highly specialized trade group.

All that may be said is that the AFL in general believed in trade unionism, and that the CIO in general believed in industrial unionism. In the final analysis, the reasons that led to the split in labor ranks were the lack of interest or aggressiveness on the part of the AFL in organizing unskilled workers and the jealous control exercised by the craft or trade unions. In addition, jealousy and clashes of personalities among leaders contributed to the break in labor's ranks and to rivalry between the two powerful organizations.

With the change in leadership in 1952 in both the AFL and the CIO, moves were made to merge the two large organizations. Early in 1955, these moves culminated in an agreement by the executive committees of each group, and ratification of the agreement by conventions of the two organizations occurred in December of the same year. Thus, after twenty years of divided allegiance, organized labor, with the exception of some independent unions, once again is united into a large, powerful labor organization, with a claimed membership of 16 million, under the name of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). Within the AFL-CIO are several departments, representing trade union organization and industrial union organization, and each member union is affiliated with one of these departments. Matters of common concern, such as political action, education, and organization of new unions, are directed by central agencies of the AFL-CIO.

STRENGTH OF ORGANIZED LABOR IN THE UNITED STATES

Of the 61 million people gainfully employed in the United States in 1950, about 5 per cent, or 3 million, had no reason for or interest in belonging to labor unions. These 3 million consisted principally of employers and professional people. Membership in labor unions was claimed to be 16½ million. Accordingly, of the 58 million workers who might reasonably be members of labor unions, only 28½ per cent belonged to labor unions, and of the total working force of 61 million persons, only about 27 per cent was organized. Figure 24 indicates

the percentage of the total working population that has held membership in labor unions from 1900 to 1954.

In 1949, membership in unions constituted the same per cent (27) of the total working force of the nation as in 1950, but labor unions negotiated agreements that covered from 80 to 100 per cent of all workers in manufacturing, trucking, construction, and mining. There were 60 million persons employed in 1949, with about 52 million in nonagricultural occupations. Of these nearly 35 per cent were covered by union contracts. In occupations and industries in which unions have normally negotiated contracts, nearly half of all employees were under collective bargaining agreements.

RISE OF ORGANIZED LABOR

MILLIONS OF MEMBERS

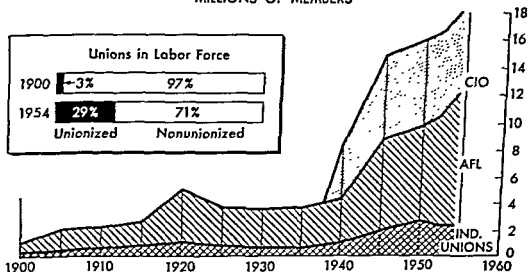


Figure 24. This diagram shows the number of workers belonging to independent labor unions, the AFL, and CIO from 1900 to 1954 (Source: Bureau of Labor Statistics)

Figure 25 shows the concentration of the strength of organized labor in some industries in the United States. It also shows those occupations in which organized labor has made little headway in getting members or in which workers have little desire to organize. If a large majority of workers who are subject to organization were to become members of labor unions, the influence of labor in the society of the United States would be considerably greater than it is now. The fact that labor today exerts the influence that it does illustrates the strength of a minority that is well organized and is concerned about advancing its own interests.

THE CONCENTRATION OF UNION STRENGTH

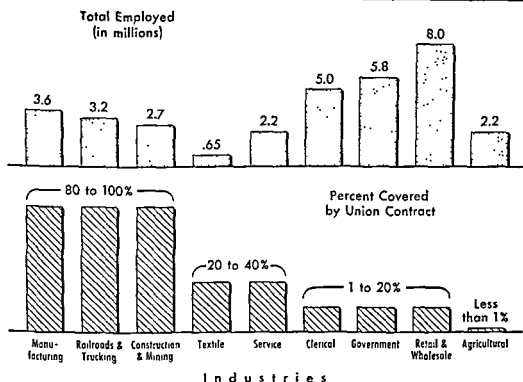


Figure 25

SUMMARY

Organized labor is one of the powerful interest groups in the United States today. The growth of labor as an influence in society, however, is of comparatively recent development. Conditions in American society, as well as conditions within the ranks of labor itself and the opposition of employers, hindered the rise of labor unions in the United States.

To overcome the difficulties of organizing, laborers have resorted to the strike, picketing, closed shop, boycott, political action, legal action, and other methods to gain their objectives—economic security, higher wages, shorter hours of work, and better working conditions. They have relied upon collective bargaining as the most effective method of promoting their welfare. Until recently, the American public has not been sympathetic to the efforts of organized labor to gain a recognized place in society. Indeed, public opinion and governmental policies were for a long time unfriendly to labor.

Common-law doctrines applied to labor relations long proved to be restraining factors in preventing labor union activities. In addition, employers met the methods of labor with such weapons as the injunction, "yellow-dog" contract, open shop, lockout, labor spies, blacklist, private armies to break strikes, "welfare capitalism," and other practices.

Gradually, public opinion changed to a more favorable attitude, which was reflected in legislation making some of the antilabor methods of employers illegal. In addition, the social effects of industrialism caused the American people to realize that labor is an important element in the social order and that society is responsible, in part, for labor conditions. The rapid growth in the number of workers during the development of industrialism increased the importance of labor as a group and helped to develop a group consciousness among the workers themselves.

Out of these conditions the basis was laid for the organization of national labor unions after the Civil War. Although not the first of these national unions, the American Federation of Labor came to be the most powerful labor organization. In the 1930's, the Congress of Industrial Organizations was formed by some of the large groups withdrawing from the AFL. The two labor organizations were organized on different bases—the AFL as a federation of trade unions and the CIO as a federation of industrial unions. In 1955, the AFL and the CIO merged to form one large organization (AFL-CIO). In addition to this large labor organization, there are a number of independent labor unions. Examples of independent unions are the "Big Four" Railway Brotherhoods and the United Mine Workers of America. Obviously, the development of the labor movement in the United States has not resulted thus far in an over-all, unified labor organization. This situation has produced a rivalry that sometimes leads to bitter quarrels among labor groups.

Nevertheless, organized labor has developed considerable strength for promoting and defending labor interests. Although only about 29 per cent of all the workers are organized, nearly all workers in some industries are union members. These industries are key industries, and hence the influence of organized labor extends throughout the economy of the nation. The influence of the labor unions is an example of the strength of a minority group that is well organized and that has a definite program to gain its objectives.

QUESTIONS

1. What have been the main objectives of labor in the United States? What methods have been used by labor to attain these objectives?
2. Explain the difficulties of organization that labor has experienced in the United States.
3. Why has labor placed such great stress on collective bargaining? Why do some employers oppose so strenuously the acceptance of collective bargaining?
4. What conditions in the United States after the Civil War were conducive to the growth of labor unions on a national scale?
5. Compare the National Labor Union, Knights of Labor, and American Federation of Labor in (1) type of organization, (2) relative strength, and (3) programs.
6. Why have the more radical labor movements in the United States received relatively little support from the workers?
7. What is meant by a jurisdictional labor dispute? Why did this type of labor dispute increase in frequency after 1935?
8. What were the principal differences between the CIO and the AFL? What were the principal similarities?
9. Why is labor-union strength concentrated in some industries or occupations and not in others?
10. Why is labor able to exert the influence it does in American society?

DISCUSSION

1. What would be some ways for providing more intimate association between workers and employers? Would such association promote better relations between them? Why or why not?
2. "During the last fifty years, labor has made substantial gains through organization." What have been the gains to which the writer of this statement refers?
3. What is the distinction between the open shop and the closed shop? The contention has sometimes been made that the open shop is a shop that is closed to union men. Discuss this contention.
4. What is the basic reason or condition for disputes arising between management and labor?
5. In your judgment, what are some of the benefits that society has received from the organization of labor? Some of the disadvantages?

TERMS

Contract labor: Immigrant laborers who during the nineteenth century

contracted with employers to work for their passage to the United States and for low wages after they arrived in this country.

Employers' liability: The responsibility for occupational sickness or accident which is placed on the employer, the worker being compensated during the period of incapacity.

Indictment: A formal statement charging a person or organization, such as a laborer or a labor union, with a legal offense.

Industrial union: An association of working people organized on the basis of an industry—for example, automobile workers and steel workers.

Injunction: A court order commanding an individual, an employer, or a labor union to refrain from doing certain acts that the court considers injurious to the property rights of the employer, the union, or other people or groups.

Trade union, or craft union: An association of working people organized on the basis of a skill or craft—for example, carpenters, plumbers, and masons.

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The preceding chapter depicted labor's efforts to achieve security and status in society through organization. Underlying these efforts was the belief that the individual worker could not hope to improve his place in society through his own endeavors. For several decades, scarcity of labor and the opportunities for economic improvement by settlement on the frontier gave him a degree of security. These conditions, however, were less characteristic of American society after the Civil War. At the same time, the forces of a free-enterprise economy and the concentrated power of industrial employers contributed to the insecurity of the laborer. Furthermore, the prevailing attitude toward the problems of the day laborer, particularly the unskilled laborer, was not one of sympathy and understanding.

This chapter deals in part with some of the labor problems resulting from the growth of industrialism and the factory system and with the efforts of labor to achieve its goals as they are related to those problems. The rising importance of the political aspects of the labor movement and of the relationship between government and labor also are presented as they contribute to an understanding of the laborer's place in society. These aspects of the labor problem show the increasing interdependence of the elements of society and illustrate the importance of interest groups in influencing the formulation of governmental policies.

PROBLEMS AND GOALS

Marketing Labor

In marketing his labor, two major problems have confronted the worker in an industrial society. In the first place, he has been faced

with the problem of achieving consideration as a person in his relationship to the productive process. To the early industrialists, labor, as a factor of production, was little different from the natural resources and capital that were used in production. Therefore, they contended that the "use" of the laborers was of concern only to the employer and that if human energy were purchased, then the person was "owned" during working hours. As a result, the workers often suffered inhumane treatment—beatings, being chained to a machine, and long confinement underground in the mines.

Unfavorable publicity about the evil conditions in industry and industrialists' concern regarding the relationship between the efficiency and contentment of workers and profits led to a change in attitude on the part of both industry and society. Employers eventually acknowledged that in the purchase of labor they could buy only human energy, not the person, even though the two could not be separated. Today the worker as a person is differentiated from the factors of production, and he is given special consideration. Employers have come to recognize that if workers are treated as social beings while on the job, the human energy they have to contribute is more effective in the production of goods and services. Research indicates that cliques form, leaders arise, and group solidarity is evident inside the working establishment, just as in society at large. If such manifestations of social behavior are not allowed, tensions between workers and their employers are more likely to develop.

Society also has come to realize that the use to which human energy is put influences the person, and therefore society itself, and that this influence is a concern of society. In early industrial times, ignorance and disregard of this fact led to working conditions that resulted in appalling effects upon the workers. For example, children as young as six years of age were sometimes put to work in factories and mines for twelve to fourteen hours a day. Ill-health was inevitable, and the loneliness, darkness, and fear of rodents produced permanent mental maladjustment in some workers.

By the beginning of the twentieth century, there was a general change in attitude toward the worker. For example, in the Clayton Antitrust Act of 1914, one section stated: "The labor of a human being is not a commodity or article of commerce." Working conditions improved, and the worker was in a more favorable position to market his labor.

The second major problem of the worker in marketing his labor has been to establish bargaining equality with his employer. In an

industrial society, certain conditions place a single person at a disadvantage in the bargaining process. In the first place, the employer is more skilled and better trained in bargaining procedures than is the laborer. Bargaining is a part of the employer's stock-in-trade. In the second place, the employer is much better informed about the total labor market than is the individual worker. In fact, most often he has in his employ an expert who collects and analyzes such information. He knows that almost always there are more workers than jobs: only in wartime or in an extremely prosperous period do the available jobs outnumber the available workers. Finally, the employer is backed by more money and resources than the individual worker, and therefore he can bargain for a longer period of time and under less pressure. After all, the factory will continue operations even though a single lathe operator is in the front office bargaining with the employer, or remains at home. But the worker's salary is not paid unless he is working, and because he has little if any savings to fall back on, he cannot be long without a job. Obviously, the individual worker is weak in such a bargaining situation.

Since individual efforts usually were futile, it seemed logical for the workers to turn to collective bargaining. This, however, was dependent upon organization of the workers, and many problems developed as organization took place. For example, laborers were faced with the problem of how to organize. Should all the laborers doing the same kind of work unite or should all those in the same industry, regardless of the type of work, organize? This basic problem and others, such as financing, gaining members, and legal controversies, handicapped the development of labor organization, as we have seen in the preceding chapter. Furthermore, workers have had the difficulty of training and paying competent leaders to act for them in collective bargaining. In the early days of the labor movement, few men trained in this field could be hired away from the business world, and the labor-union executive had to gain experience in organization, bargaining, and publicity on the job, and with little outside help. In more recent times, organized labor has developed leaders who are able to bargain advantageously with employers.

Unemployment

Trends in unemployment are important both to the individual worker and to the organized labor group. The laborer can estimate from unemployment figures the amount of competition he must face

if he changes jobs or even if he remains in the same job. Much of the strategy of labor-union activity is based upon the number of persons unemployed—for example, an increase in unemployment is reflected by fewer strikes. At the same time, the businessman is concerned about employment trends, because in making production decisions he will anticipate the amount of goods that may be sold, and an increase in unemployment will influence those decisions.

TYPES OF UNEMPLOYMENT If unemployment statistics are to be meaningful, labor and business groups and other interested organizations must know the cause of the unemployment. By classifying unemployment according to its causes, much undue alarm may be eliminated and attention directed to the proper means of alleviation. The number of workers in such jobs as fruit and vegetable canning, meat packing, shipping on the Great Lakes, construction work, and crop harvesting varies from season to season. The unemployment that results when fewer workers are needed in such types of work is called *seasonal unemployment*—that is, involuntary unemployment which results from inability to continue certain types of work because of the time of year or because of the changes in the demand for certain goods and services at various times in the year.

In some types of seasonal work, many persons not in the labor market take jobs to help out when the demand for workers is great and then drop out when they are no longer needed—for example, housewives and students. On the other hand, many persons employed in seasonal work are in the labor market, and for these persons seasonal unemployment is a problem. Producers are not unduly alarmed by seasonal unemployment, since they are fairly certain that the unemployment trend will not continue and that they will not need to cut down production. For example, a large increase in the unemployment figure at the end of the canning season in California, if typed as seasonal, does not alarm the shoe manufacturer in Massachusetts. He can be fairly certain that the trend will not continue and that he need not cut down production of shoes.

Another type of unemployment is known as *cyclical unemployment* because it is a result of the prosperity-depression business cycle. Most business groups fear this type because unemployment during depression times, being general, means less purchasing power. Therefore, the manufacturing firms cut down production in an attempt to maintain prices. When production is cut down, workers are released, adding to the unemployed ranks. Other busi-

nesses also curtail their labor forces in an attempt to reduce expenses, thereby further diminishing purchasing power. Cyclical unemployment also brings a change in the activities of organized labor. Labor unions make fewer demands of employers as cyclical unemployment increases and frequently ask the government to provide opportunities for employment by sponsoring public works and other work projects.

A third type of unemployment, one related to rather broad causal factors, is termed *secular unemployment*. Much of this kind of joblessness is caused by new technological developments that decrease the demand for manpower. In coal mining, for example, the introduction of a new machine may greatly reduce the need for men. In cigarette wrapping, the use of one machine operated by one person replaced over a hundred workers. Unemployment of this type also results when new industries eliminate old ones, as when the automobile replaced the buggy. Of course, the released workers may be re-employed in the new industry or they may find other jobs, but usually there is a lag before they find employment. If one business combines with another, a change in employment practices is likely. For example, if an electrical appliance factory combines with a number of retail appliance shops, the salesmen employed by the factory may not be needed.

Certain other kinds of unemployment are classified as *miscellaneous* because they generally are due to specific circumstances that occur from time to time but are not widespread in an industrial society. For example, plant shutdowns due to disaster or to lack of essential resources or to relocation of the industry cause both temporary and permanent unemployment. Governmental policies regarding taxation, allocation of resources, or regulation of business may cause industry to curtail production and may result in unemployment of some workers.

WORKER ATTEMPTS TO CURB UNEMPLOYMENT Protection against unemployment is a primary goal of organized working groups. When the workers in any industry or trade are united, arrangements may be made to share whatever work is available, if there is not enough for all. In a textile mill, for example, if orders for cloth are not plentiful enough to keep all the workers busy for an entire week, half of them may work from Monday through Wednesday and the remainder from Thursday through Saturday. Such a *shared work program* has the advantage of giving all employees an opportunity

to earn something, rather than arbitrarily cutting half of the group off from all income. Another means by which organized workers have met unemployment is to reduce the amount of work done in a given period. For example, a group of bricklayers may reduce the number of bricks laid each day from 800 to 400, thereby spreading employment for the job over a longer period of time. By creating additional, sometimes unnecessary, jobs, employment may also be maintained to some extent. The term applied to this practice is *featherbedding*.

GOVERNMENTAL ACTION REGARDING UNEMPLOYMENT The attitude of society toward responsibility for unemployment has changed to a considerable extent in recent times. The traditional attitude was that loss of a job was the fault of the individual worker. With increasing industrialization and economic interdependence, however, society has recognized that a man can lose his job even if he is competent and willing to work. The economic depression of the 1930's showed that in many cases the individual worker had no control over his employment. As a result, the national government enacted legislation that gives workers some security during a period of unemployment.

A section of the Social Security Act of 1935 provided for the establishment of State-national systems of unemployment insurance and employment services. They are designed to protect the workers from loss of wages through involuntary unemployment by trying to place unemployed workers in suitable jobs and, if jobs are not available, to pay weekly benefits of limited amount and duration. Each State enacts its own unemployment insurance law and operates its own program, but the national government grants money to the State to help pay the cost of administration. In order to receive this grant, the State must comply with certain minimum regulations designed to assure that payments are made to unemployed persons whose earnings or employment entitles them to the benefits under the State law.

Unemployment-insurance benefits are financed by a payroll tax of 3 per cent levied upon employers, except in Alabama and New Jersey, where employees also contribute. The original national law provided that the tax be levied upon employers who employed eight or more persons for twenty or more weeks in each year. In 1954, an amendment to the law, becoming effective December 31, 1955, made the tax applicable to employers employing four or more

persons for twenty or more weeks in each year. States may, however, apply the tax to smaller firms. The national government levies the tax but allows a 90 per cent credit to the States that maintain approved compensation plans—that is, of the 3 per cent tax, 0.3 per cent is paid the national government to defray expenses of administering the system, and 2.7 per cent is set aside for the States to be used only for unemployment-benefit payments.

In general, employment in commerce and industry is covered by the unemployment-insurance program. Railroad workers, however, are excluded, since they are covered by the Federal Railroad Unemployment Insurance Act. In 1954, civilian employees of the national government were brought into the unemployment insurance program.

Unemployment insurance cannot meet adequately the problem of mass unemployment. All that unemployment benefits can do is cushion the shock of joblessness; they cannot restore full employment, and are not intended to do so.

Working Hours and Wages

During the English Industrial Revolution, the element of time had little of the pressing urgency in people's lives that it has now. Then the people were accustomed to an agricultural economy, where a long workday was a part of living. When agricultural workers were employed in the factory, a long workday was accepted as natural by employees and employers, and a twelve- to sixteen-hour day was not uncommon in industry and the mines. A long workday also was a part of the industrial policy in the United States when this country began expansion of manufacturing.

In time, however, employers realized that overlong hours of work tended to increase the rate of accidents and illness and to slow down production because of fatigue. They were willing, therefore, to shorten the workday to some degree when they were pressed to do so. The workers, however, contended that the workday was still too long. Furthermore, laborers reasoned that shorter workdays would provide employment for more workers. Thus the demand for labor would increase, and wages would be higher. As a result of the workers' efforts, the length of the working day was reduced from an average of eleven and one-half hours in 1850 to slightly more than eight in 1950.

When the strength and skill of organized labor groups had increased sufficiently, pressure was brought upon government to aid in adjusting working hours. The Fair Labor Standards Act of 1938

was the first comprehensive legislation by the national government to regulate both hours of work and wages. Its provisions apply to workers who are engaged in interstate commerce or in the production of goods shipped in interstate commerce. Originally a forty-four hour workweek was established but this gradually was reduced to the present forty hours. If the employee works longer than forty hours, he is entitled to pay for the excess hours at not less than one and one-half times his regular rate. The number of workers covered by the law at present is about twenty-two million. The Act specifically exempts a number of workers—for example, executives, retail and service employees, seamen, and employees in the fishing industry, in agriculture, on local weekly or semiweekly newspapers, of taxicab companies, in the processing of agricultural commodities, and on switchboards in small public telephone exchanges.

The forty-hour workweek has been only a temporary goal for organized labor. An expanding technology and population and the many uses of leisure time have brought demands for a workweek of thirty hours.

During the twentieth century, workers have become more aware of the importance of their part in the productive process and more concerned about the size of their share of the returns from that process. Thus, both the individual worker and organized labor have consistently moved to keep wages balanced against the cost of living. For those workers covered by the Fair Labor Standards Act, a minimum wage of forty cents an hour was established in 1938; it was raised to seventy-five cents in 1950 and to \$1.00 in 1956. Such a wage has little significance, however, unless it is related to the price of the things it purchases. In other words, how much of such a minimum wage must be expended to provide a minimum standard of living for a family?

In 1947 an attempt was made to answer this question. The Bureau of Labor Statistics in the Department of Labor prepared a budget for a family of four (father, mother, and two school-age children), including only those things that were necessary for a minimum standard of living. That this budget was not extravagant can be seen by noting some of the items—for example, recreation was to include a small radio, a daily newspaper, thirty-two copies of popular-priced magazines a year, movies for the son once every two weeks, and for the daughter and parents once every three weeks. The budget did not provide a telephone but allowed fifteen cents per week for local calls.¹

¹ *Labor Monthly Review*, February, 1948.

Assuming that prices would differ in different parts of the country, the Bureau made out the budget using the prices in different cities. For example, the yearly budget for the family came to \$2734 in New Orleans and \$3111 in Washington, D.C. Referring back to the minimum wage of \$1.00 an hour, the yearly wage for a worker on a forty-hour week would be only \$2080. Even allowing for changes in the value of the dollar in different years and for a considerably higher wage than \$1.00 an hour, the discrepancy between the cost of necessities and the money available to buy them remains large enough to cause workers to consider wage increases a primary goal.

Voice in Management

In the field of economic endeavor, the democratic ideal has not been completely accepted. Oddly enough, two factors that aided in bringing about democracy—individualism and the policy of *laissez faire*—have retarded efforts to democratize the industrial scene. The efforts of workers to organize and bargain collectively have been caused not only by the problems of wages, hours, and unemployment, but also by the workers' desire to establish in their working relationships some semblance of the democratic pattern that prevails in other areas of their lives.

One goal of labor, therefore, has been to establish the democratic process within industry by having representatives of management and labor share in forming certain policies, such as wage-rate schedules, seniority rights, and grievance procedures. Resistance of management to these proposals and the persistence of labor in reviving them have sometimes caused violent disagreements that have brought losses to both industry and labor. The conflict that has characterized labor's effort to achieve a voice in management has been publicized by the press and other media of communication. The growing degree of industrial peace, however, often has been disregarded. Today the number of labor-management differences settled peaceably is greater than the number resulting in strikes and violence.

Several conditions account for the settlement of labor-management differences by negotiation. First, management has accepted increasingly the process of collective bargaining as an institution. In some cases, management has considered strong labor unions an asset, since weak ones cannot discipline their members, and their existence may lead to interunion conflict. Second, unions in the United States have never questioned seriously private ownership

and operation of industry. Third, both management and labor unions in general have recognized their interdependence for mutually greater welfare. Fourth, management has recognized the right of the labor union to control its internal affairs. Fifth, union-management consultation and information-sharing have become more frequent, providing a common understanding.

METHODS OF COLLECTIVE ACTION

In the preceding section we have discussed the goals of labor as they are related to the problems of workers in the industrial society of the United States. Organized labor in general has used two kinds of methods in advancing these goals—economic and political.

Economic Action

In the United States, the complete domination of the economic processes—that is, workers' control of industry—has not been accepted by labor as a method of attaining its goals. Rather, the stress has been placed upon obtaining a fitting share of the returns of production within a capitalistic economy. During the last half of the nineteenth and early part of the twentieth centuries, labor organizations relied mainly upon economic action, which depended upon the workers' importance in the economic process, to promote their interests. Therefore, the type of organization most common was a trade union of skilled workers, and the principal means of attaining goals were collective bargaining, shop agreements, and strikes. Although occasionally government was drawn into labor-management controversies, usually on the side of the employers, the organized workers relied chiefly upon their own efforts rather than upon political action. At strategic times the organized workers were able to achieve many of their goals by actually withholding, or threatening to withhold, their human energy from the economic productive process.

As organized labor expanded to include unskilled as well as skilled workers, economic action was not so effective, since unskilled workers were considered less vital to the economic process than skilled workers. Furthermore, government was influenced by various interest groups, and to protect its interests labor was drawn into political activities. By the 1930's, therefore, organized labor had been committed to political action, as well as economic action, for the achievement of its goals.

Political Action

Political action by labor organizations involves the use of political processes either to control government through a labor political party or to influence governmental policies through pressure-group tactics. In the United States, a nation-wide labor political party has not been formed, but organized labor as a pressure group has become a great influence in shaping governmental policy and a strong force in political activities.

The basic strategy of the pressure group is to use its strength to promote favorable governmental policy and to block what it believes to be unfavorable. Usually a pressure group accepts the personnel in public office, of whatever party, and attempts to exert influence on the decision-making processes. As government became concerned with economic and social legislation and as education advanced, laborers realized the importance of these decisions and exerted influence to obtain policy favorable to them.

In the governmental system of the United States, the formulation of governmental policy may be influenced at several points. In the first place, some of the roots of governmental policy are to be found in political party platforms. Organized labor, therefore, is interested in obtaining planks favorable to labor. When the resolutions committees of the parties meet, they are supplied with memoranda from labor organizations, as well as from other groups, and labor leaders are present to influence the formulation of a platform favorable to labor and to those of low incomes. The second point of influence is the legislature. In the interest of securing favorable labor legislation, labor leaders keep careful records of the votes of legislators on measures in which labor is involved, note the progress of legislation, ask for hearings before committees, and present their case to individual legislators as forcefully as possible.

In the third place, influence is exerted upon the executive department in the administration of laws. The wide range of discretion usually given to administrators in enforcing law makes it possible for the interest group to exert pressure that may determine the effectiveness of the legislation under consideration. In putting the law into effect, the administrator's course of action is determined in part by the attitude of the group affected by the law. He is therefore made conscious of the desires of labor through calls from labor leaders, letters, pamphlets, research studies on the subject, and so forth. Finally, of course, many decisions of concern to labor are

made by the courts. Traditionally, the courts have not been regarded by labor as friendly to its interests. As a result, labor advocated changes in judicial procedure, such as popular election of judges and abolition of judicial review. Recent changes in the attitude of the courts may have had some effect on labor's views on these questions.

During the early years of the labor movement, laborers sometimes organized locally to carry elections, and at times they were successful in electing their candidates. But in general labor tended to depend upon economic action more than upon political activity to achieve its goals. As organized labor became stronger, however, lobbying activities to promote labor interests were carried on at both the national and State levels of government. The American Federation of Labor followed a program of "rewarding friends and punishing enemies"—that is, the organization encouraged laborers to vote for or against candidates for public office according to their stand on issues in which labor had an interest.

Political activity on the part of labor became intensified in the 1930's, since which time practical politicians have realized that labor has a great potential strength. Numerically, labor represents the largest of the interest groups engaged in political activity. The willingness of public officials, including governors and Presidents, to address the annual conventions of labor organizations indicates that these groups are considered significant.

In view of the ineffectiveness of third political parties in the United States, labor leaders have shown little interest in launching a nation-wide labor party. In 1936, the American Labor Party was formed in New York State by the unions there. For some time, this party had enough voting strength to hold the balance of power in New York, but in 1944 it split into two factions. There is little evidence that this organization can grow into a party of national prominence. In their political activity, labor organizations generally have worked through the two major political parties.

In the past decade, organized labor has shown less confidence in the Republican than in the Democratic Party. The belief has grown, especially among the younger labor leaders, that the Republican Party offers little in the way of a governmental program favorable to labor. This attitude on the part of organized labor, however, does not necessarily mean that the Republican Party no longer gets votes from the laboring group. Many workers are unorganized—for example, many unskilled workers, farm laborers, white collar workers,

and foremen and supervisors. Collectively, these groups have considerable political strength, which probably is divided fairly evenly between the two political parties.

The alliance of organized labor with the Democratic Party came about as a result of mutual need. From 1860 to 1932, the Democratic Party won only four presidential elections and only a few congressional elections. At the same time, labor leaders, growing politically conscious, perceived the possibilities of obtaining political power through the Democratic Party. The result has been a combination of the urban interests, largely liberal, of the North with the agrarian interests, largely conservative, of the South. This combination is more successful in winning elections than it is in following through on policies, but it has resulted in labor gains through compromises. Neither the liberal nor the conservative branch of the party can be pushed too far from its ideological position. Although the party may keep its labor vote only by a liberal policy, the Southern Democrats constantly act as a check upon that policy.

Labor's political action in the United States may be summarized as follows. First, labor operates along with other interest groups in bringing pressure upon both national and State governments for governmental policy favorable to its interests. Organized labor has, as one of the important aspects of its organization, offices for lobbying in Washington and in the various State capitals. Second, the practice of the American Federation of Labor of "punishing enemies and rewarding friends" has been developed into a vote-mobilizing program of importance. Campaigns and elections are accompanied by extended educational and organizational work by labor. Labor organizations are foremost in the campaigns to "get out the vote" at election time. Third, organized labor has made a somewhat unstable coalition with the Democratic Party as a result of the needs of both for additional electoral strength. This arrangement offers more power than could be found in a separate labor party. The future of an alliance of such incompatible elements, however, is uncertain. The results of labor's efforts to obtain favorable governmental policies can best be understood by considering some of the programs that the national government has developed for the promotion of labor interests. Some of the States also have developed policies that promote labor interests, but a discussion of these policies is impossible here because of the wide variation among the States.

GOVERNMENTAL PROMOTION OF LABOR'S INTERESTS

The Department of Labor

The Department of Labor in the executive department of the national government was established in 1913. This department had its beginning in a Bureau of Labor Statistics, formed in 1883. In 1903, the Bureau was combined with corresponding functions regarding commerce to form the Department of Commerce and Labor, which was divided into two separate departments in 1913. Through its Bureau of Labor Statistics, the Department of Labor continues to collect and publish information about wages, hours, purchasing power, occupational developments, and other statistics pertaining to labor. The Women's Bureau and the Division of Labor Standards are representative offices doing other work of the Department. The task of this Department is conceived of as being primarily promotional of the interests of labor and is comparable in this respect to the Departments of Agriculture and of Commerce. Governmental policies on the regulation of labor usually are administered by agencies outside of the Department—for example, the National Labor Relations Board, which administers the national labor laws, is an independent agency in the executive department.

Employment Service

During the depression of the 1930's, persistent unemployment threatened to block economic recovery. One of the steps taken by the national government to increase employment was the establishment of a network of employment offices aiming to bring the job and the worker together wherever possible. Suitable job placement is essential in an industrial society, and the placement of millions of workers each year (more than 15 million in 1952) through this employment service has been a service to workers, employers, and the public.

Each State operates its own employment service but conforms to standards established by the national government, as a condition of receiving governmental grants. The service is operated in connection with the unemployment-insurance program, which we have discussed. Labor unions have been concerned about the possibility of the State employment services' certifying workers to a plant under strike, claiming that this procedure would be strike-breaking.

Furthermore, labor unions sometimes operate their own hiring halls and have recognized the possible competition from government employment offices. As long as the administration of the employment service is sympathetic to labor's interests, however, such competition is negligible. To the present time, this program has been one of co-operation with labor, with no action that could be interpreted as strike-breaking.

Immigration Restrictions

One of the reasons for the passage of legislation to restrict immigration into the United States was to protect American laborers. Until about 1880, immigrants were encouraged to come to the United States because labor was in demand and immigrants were a source of cheap labor for a number of industries, such as railroad construction, steel production, and mining. After 1880, labor was no longer in short supply, and organized labor contended that continued immigration, particularly of people who would accept work at European and Oriental standards, made it difficult for native laborers or earlier immigrants to improve their standard of living. In their efforts to restrict immigration, labor organizations were supported by other groups in society, each for its own reasons.

Restrictive legislation was passed in 1882 prohibiting the importation of laborers under contract and excluding certain types of persons classified as "undesirable"—for example, paupers, criminals, convicts, and the insane. The Chinese Exclusion Act of 1882 banned entry of Chinese laborers, and in 1907 Japanese laborers were excluded by a "gentlemen's agreement" with Japan. In 1924, Orientals virtually were excluded by a law that barred entry of all aliens ineligible for citizenship.² In 1921 and subsequent years, Congress drastically restricted immigration from Europe by use of the quota system—that is, by allowing only a specific number of immigrants for each nationality to enter each year. The total immigration under the quota system is limited to about 150,000 annually.

Restriction of Competition in the Labor Market

In addition to working for immigration policies that would limit the supply of labor, organized labor also has promoted other policies to attain this goal—for example, regulations regarding child labor,

² In 1943, the Chinese were made eligible for citizenship and were placed under the quota system, with 105 persons as their quota. In 1952, all racial restrictions on citizenship eligibility were removed, and Orientals were given immigration quotas.

the labor of women, and prison labor. Child labor was regulated not only to protect adult laborers from the competition of minors but also to prevent children from working under harmful conditions. Their wages usually were low, and the conditions under which they worked often were subject to legitimate criticism—for example, long working hours with little time off for meals, unsanitary working conditions, poor lighting, few safeguards in operating machinery, and lack of leisure time.

By 1909, all but six States had laws regulating child labor, but because of the wide variations in and the inadequacy of these laws, labor unions, political parties, and other groups advocated regulation by the national government. In 1916, Congress enacted a child-labor law forbidding the shipment in interstate or foreign commerce of commodities produced in factories employing children under fourteen years of age or in mines employing children under sixteen. This law was invalidated by the Supreme Court, however, on the grounds that the congressional power to regulate commerce did not give the national government the right to regulate labor, that right being reserved to the States by the Tenth Amendment to the Constitution.³ A similar law was passed in 1918 under the taxing power of Congress—that is, it imposed a 10 per cent special tax on the net profits of any manufacturing enterprise employing children under fourteen years of age and on mining enterprises employing children under sixteen—but it too was declared unconstitutional.⁴

Advocates of this type of regulation then turned to amending the Constitution; and in 1924 an amendment giving Congress power "to limit, regulate, and prohibit the labor of persons under 18 years of age" was submitted to the States for ratification. There was considerable opposition to the proposed amendment in the States, many people feeling that such a congressional power was too far-reaching. Twenty-five States had ratified the amendment by 1937, but the required three-fourths of the States have not accepted the proposed amendment.

Because of the opposition to the proposed amendment, Congress again turned to legislation as a means of regulating child labor. During the early years of the depression of the 1930's, the national government for a time was able to exercise considerable control over the employment of children through the codes of fair competition, which included minimum age standards for child labor, established

³ *Hammer v. Dagenhart*, 247 U.S. 251 (1918).

⁴ *Bailey v. Drexel Furniture Company*, 259 U.S. 20 (1922).

under the National Industrial Recovery Act (NIRA) of 1933, but this Act was declared unconstitutional in 1935.⁵

At present, child labor is regulated by the national government through a section of the Fair Labor Standards Act (1938) and its subsequent amendments, which have been upheld by the Supreme Court. This legislation prohibits the employment of children under sixteen years of age in interstate commerce and in the production of goods shipped or delivered for shipment in interstate commerce. The Bureau of Labor Standards of the Department of Labor, which administers this section of the Act, may extend the age to eighteen if the industry is hazardous. The legislation does not apply to employment of children in agriculture, even though the products are shipped in interstate commerce, unless they are employed during the school day, or to children employed as actors in motion pictures or in a theatrical production. The Supreme Court has ruled also that the Act does not apply to telegraph messenger boys, since they are not engaged in the production or shipping of goods in interstate commerce. All States also have some child-labor legislation, although in some cases it provides only mild regulation and often is not enforced.

The labor of women is similarly the object of some restrictive policies. Women often are employable at lower wages than those asked by organized labor. This condition, as well as the desire to limit the labor supply to maintain higher wages, has caused organized labor to advocate restrictions on the labor of women. Regulatory efforts have been mainly at the State level of government. State laws in general forbid night labor, require an eight-hour day, and seek to protect all women in industry, regardless of occupation. Quite apart from legal restriction, employers, as a matter of private policy, will not hire women for certain types of work or women with husbands who are employable.

Since goods produced in prisons may compete with the products of free labor, there has been some regulation of such production. The national government now channels the products of labor in its own penal institutions through a government corporation, Federal Prison Industries, Incorporated, which distributes them in ways calculated to obviate competition in the market. In 1935, Congress passed a law prohibiting the shipment of convict-made goods into any State to be used in violation of State law—that is, into States which have passed laws forbidding the sale of convict-made products.

⁵ *Schechter Poultry Corporation v. United States*, 295 U.S. 495 (1935).

ever, indicate its tendency to reduce some of the advantages gained by labor under the Wagner Act. The following provisions illustrate this fact.

(1) The closed shop is outlawed.

(2) The union shop is authorized. The original Act required the approval of a majority of the workers in a government-conducted election before the union could negotiate for the union shop. In 1951, this requirement was repealed, and it then became possible for a union and an employer to agree on a union shop without holding an election before the shop contract is signed.

(3) Both labor unions and corporations are forbidden to make contributions or expenditures in a national general election or primary.

(4) Unions are required to file annual financial reports with the Secretary of Labor.

(5) Six unfair labor practices on the part of labor unions are designated and forbidden. Unions are forbidden (a) to restrain or coerce employers in their choice of representatives for collective bargaining; (b) to issue ultimatums in the course of collective bargaining; (c) to persuade employers to discriminate against any employees in an effort to unionize a shop; (d) to attempt featherbedding; (e) to charge excessive and discriminatory union initiation fees; and (f) to carry on jurisdictional strikes or secondary boycotts.

(6) Provision is made for a "cooling-off" period (that is, a delay) before a strike can legally go into effect. A sixty-day notice of intention to strike must be given. In case of a strike that endangers the "national health and safety," the government may apply for an injunction to delay the strike (or lockout by the employer) for an additional eighty days.

The National Labor Relations Board, established by the Wagner Act, continues to function as an administrative agency, and its size has been increased from three to five members, who are appointed by the President with the consent of the Senate. The Board handles two major types of problems. First, it supervises plant elections to determine which union shall be the collective bargaining agency for the workers; and second, it holds hearings on complaints about unfair practices, as defined by the Taft-Hartley Act, of either labor unions or employers. In 1954, Congress enacted a law which denies to any labor organization found by the government to be communist-infiltrated legal standing before the NLRB.

Intercession in Labor-Management Controversies

Experience under the Wagner Act and the Taft-Hartley Act shows that free collective bargaining between labor and management is

not always a satisfactory method of settling labor-management controversies. Whichever side has the legal advantage, the present governmental policy is not one entirely of "letting them fight it out." The basis upon which present governmental policy functions is that serious conflict between labor and management works too much harm upon the general welfare to be left unchecked. Labor's ultimate weapon, the strike, and other means of exerting forceful pressure upon the employer are effective only in proportion to the damage they do to the economy. Management's interest in low labor costs, on the other hand, may cause a lower standard of living and unemployment. The public interest is likely to suffer from labor-management conflict, and the more intricate and interdependent the aspects of the economy involved in the conflict, the more apparent this fact becomes. Government has intervened in labor-management controversies, therefore, to assure a steady flow of economic production, on the one hand, and employment and high purchasing power, on the other. Intervention does not always meet with the approval of leaders in either industry or labor, but it is an inevitable consequence of the interdependence of elements and processes in society.

The government intervenes in labor disputes by any of the three methods of conciliation, mediation, or arbitration. In *conciliation*, an established third party, who intervenes as little as possible, offers continuing advice and information in an effort to assist in settling a controversy. *Mediation* is a procedure in which a neutral third party is chosen by the disputants to suggest terms of settlement that the disputing parties may accept or reject. Neither the conciliator nor the mediator makes a final decision as to the settlement of the dispute. The main role of the conciliator is that of a peacemaker, but the mediator goes beyond acting as a mere peacemaker. He takes a more active part in the settlement of the controversy; he offers his own suggestions for a fair settlement and exerts his personal influence to get the disputing parties to accept them. Usually conciliators and mediators are not from the ranks of labor or management, but are more likely to be representatives of the government or interested citizens. *Arbitration*, being semijudicial, is more formal and conclusive than the other two methods. In voluntary arbitration, the parties agree to submit disputed points for settlement, but if government provides for compulsory arbitration under certain circumstances, the disputing parties must submit their controversy to an arbitral agency. The arbitral agency hears the evidence on the disputed points and hands down a decision as to how they are to

be settled. By prior agreement in voluntary arbitration or by law in compulsory arbitration, the decision of the board of arbitration is final and enforceable.

The use of mediation, conciliation, and arbitration for preventing or terminating stoppages of production resulting from labor troubles began with the government's concern for uninterrupted railroad service. Beginning in 1888, legislation has been enacted at several times to settle problems of railroad labor by these methods. For the most part this program proved to be effective until after World War II. In 1948, however, a stoppage of railroad service was averted by resort to an injunction backed by a presidential order and a threat to place the railroads under army operation. In 1950, a widespread railroad strike was prevented by actual seizure of the roads by the national government.

The use of conciliation and mediation to settle labor-management controversies has been quite successful in the United States. The United States Conciliation Service was established in 1913 in the Department of Labor, and it was reorganized and made an independent agency by the Taft-Hartley Act of 1947. While it was in the Department of Labor, approximately 100,000 disputes were reviewed, and of the controversies reaching it before a strike was called, 95 per cent were settled without work stoppage. The Taft-Hartley Act provided for an independent agency—the Federal Mediation and Conciliation Service—directly responsible to the President. The aim of this agency is to settle disputes before they reach the strike stage. The staff handles about 25,000 labor-management disagreements each year, and according to its estimate, 97 per cent of them are settled without strikes. The success of conciliation and mediation depends in large part on the willingness of both labor and management to co-operate, since the Service does not have power to enforce its decisions.

SUMMARY

In the United States, workers have been faced with the problems inherent in an industrial society. In large part, the goal of labor has been to meet those problems. The worker first was faced with the problem of marketing his energy and skill to his own advantage. In the early days of the factory system, labor was considered a factor of production—as mere energy. As both industrialists and society recognized the social effects of this attitude, more impor-

tance was attached to the worker as a "person" and less to him as a "commodity" in the productive process.

The individual worker also was faced with the problem of bargaining with his employer concerning wages, hours, and conditions of work. Because his individual efforts were ineffective, he turned to organization and collective bargaining. The problems of unemployment, hours, and wages have been met by the efforts of both organized labor and government. With the growth of the labor movement, labor demanded the right to help formulate policies of management, particularly those related to shop rules and practices. Therefore, organized labor, through collective bargaining, worked for a voice in the determination of working conditions, speed of work, seniority rights, and wage-rate schedules.

The methods of collective action used by organized labor to attain its goals have been both economic and political. After the formation of the AFL, with its stress upon organization of skilled workers, economic action was used with increasing effectiveness as the skilled worker's place in the economic process became recognized by employers. By the use of collective bargaining, shop agreements, and the strike, labor advanced its interests. Organized labor, however, did not refrain entirely from political activity during the nineteenth century. Although not actively entering into partisan politics, the AFL followed a policy of "rewarding friends and punishing enemies" at election times. No one political party was favored; support was given on the basis of the gain labor might expect from each political candidate.

In the 1930's, the labor movement was enlarged to include millions of unskilled and semiskilled workers, and organized labor's political action not only broadened but also became more forceful. Since then, as an interest group, labor has promoted governmental policy to favor labor interests by bringing pressure to bear on the political party, the legislature, the administration, and the courts. Organized labor has not formed a nation-wide political party but has preferred to work through the two major parties, forming, in general, a stronger coalition with the Democratic Party than with the Republican Party.

Governmental policy regarding labor has been threefold. First, some governmental policies have promoted labor interests—for example, recognizing labor's right to organize, guaranteeing the right of collective bargaining, and legalizing some methods, such as the strike and picketing, used by organized labor. Second, other

policies have regulated labor, particularly the activities of organized labor—for example, refusal to bargain, jurisdictional disputes, excessive initiation fees, and featherbedding. Third, government has intervened in labor-management controversies in an attempt to promote the general interests of society. This intervention has taken the form of conciliation, mediation, and arbitration.

QUESTIONS

1. Why does management no longer treat labor as an inanimate factor of production?
2. Why is the individual laborer in an industrial society at a disadvantage when bargaining with management?
3. What change has occurred in the social attitude toward unemployment? Why has this change occurred?
4. Explain the philosophy behind minimum wage legislation. What do you think should be included in a minimum standard of living?
5. Why were both management and labor interested in reducing working hours in industry?
6. Why has labor worked to have a share in management?
7. Explain the difference between economic action and political action as used by labor organizations. Which do you think has been the more effective? Why?
8. In what ways has government promoted the interests of labor?
9. What are the main provisions of the National Labor Relations Act (Wagner Act) of 1935? Of the Labor Management Relations Act (Taft-Hartley Act) of 1947?
10. Why is it necessary that there be increasingly frequent governmental intervention in labor-management affairs? What effect will increasing intervention have on the labor movement?

DISCUSSION

1. To what degree should democratic practices be allowed in the determination of economic policies within industry? Give reasons for your answer.
2. What would be the advantages of a nation-wide labor party? The disadvantages?
3. If you were a Democratic Party committeeman, would you favor a conservative or a liberal platform on matters relative to the domestic economy? Why?
4. If you were a Republican Party committeeman, would you press for steps to gain more labor support? If so, what?

As society in the United States became more complex and as group consciousness among the laborers developed, farmers also became conscious of their mutual problems and of the need for group action to protect their interests. There developed also a public interest in the well-being of those who farm. These developments are traced in this chapter.

AGRICULTURAL CHANGES IN THE NINETEENTH CENTURY

At the time of the American Revolutionary War, more than nine-tenths of the people of the United States were living on farms and securing all or a large part of their living from agricultural pursuits. Although other economic interests expanded after the Republic was established, agriculture was the nation's primary economic interest until the mid-nineteenth century. Transportation facilities were developed and industry and commerce were organized largely in the interests of agriculture. Therefore, the problems of farmers were not in general different from those of most of the population, and organization of an agricultural interest group was not necessary. The farm groups which were organized during this period were largely for the improvement of farming techniques.

In this era, the farmers, for the most part, were self-sufficient: they produced most of the goods they needed and obtained much that they did not produce by the barter system. Furthermore, the demand of both domestic and foreign markets kept pace with agricultural production. In general, prices of farm products were favorable, with the result that farmers had sufficient purchasing power for the articles they did not produce. To be sure, during depressions, low farm prices were a source of discontent. But be-

cause farmers were self-sufficient and individualistic by nature or tradition, no widespread movement developed as a result of such situations.

By the mid-nineteenth century, westward expansion had increased the farm area, developing the United States eventually into one of the world's largest agricultural regions. This westward movement was influenced by governmental land policy, unrestricted immigration, improved means of transportation, and expansion of domestic markets. As industry expanded, the demand for farm products increased—the factories needed raw materials and the population of the industrial towns and cities provided a market for food products. Many farmers found it profitable, therefore, to produce cash crops, which would provide an income for purchasing more land and manufactured products. As a result, commercial agriculture began to replace self-sufficient farming. Many farmers specialized in staple crops and therefore depended upon the markets for the sale of their products and for the purchase of goods formerly made in their own homes. Thus agriculture became a business enterprise which needed a medium of exchange (money) and supporting business enterprises. Cultivation of more acreage with less labor was made possible by the use of improved farm implements, such as steel plows, cultivators, reaping and mowing machinery, and threshers. Production was increased further by the practice of scientific agriculture—for example, crop rotation, use of certified seeds, deep plowing, use of fertilizers, and balanced feeding of livestock. The expansion of agriculture probably was too rapid (some of the land brought under cultivation in those years was later abandoned), since increased production tended to lower agricultural prices, and the farmers became discontented. This discontent was expressed in a movement known as the "Agrarian Revolt," beginning in the early 1870's and continuing until the late 1890's.

THE AGRARIAN REVOLT

The Agrarian Revolt was not a radical or purely revolutionary movement, but to the conservative financial interests of the nation it looked as if it were. Actually, the farmers did not wish to overthrow the existing economic, social, and political system. They merely wanted changes that would favor agricultural interests. The industrial interests of the nation, which had developed rapidly after the Civil War, had become dominant in both economic and govern-

mental affairs. In order to gain benefits for agriculture, the farmers organized in an attempt to curb the influence of the manufacturing-banker group. The agrarian unrest of this period centered especially in the Midwest and South, but its effects were felt throughout the nation.

Conditions Causing the Agrarian Revolt

LACK OF CONTROL OVER PRODUCTION AND MARKETS At the time of the Agrarian Revolt, farmers, as compared with producers of manufactured goods, had little control over production and markets. The manufacturers' control over production was accomplished by producers' agreements, monopolistic practices, advertising to increase sales, and protective tariffs, which kept competitive goods from foreign nations off the domestic market. The farmers did not have these means of protecting their business. In addition, co-operation for the control of production was practically impossible, the farmers being too numerous and too widely scattered. Farmers had to compete with farm producers everywhere. Their products were not usually protected by a tariff, and often world market conditions that were beyond the control of the farmers affected agricultural prices adversely.

MONEY, PRICES, AND COSTS In the period immediately preceding the Civil War, the money and banking situation in the United States was chaotic. State banks issued paper money (State bank notes), some worth its face value and some worthless, with many variations between these two extremes. Though gold and silver coins were minted by the national government, most of the money in circulation was the paper money issued by State banks. Some order was brought out of this confusion when, in 1863, Congress passed the National Bank Act, providing for the establishment of banks incorporated by the national government. National banks were required to invest one-third of their capital in national government bonds, on the security of which they could issue paper money (national bank notes) up to 90 per cent of the market value of the bonds. In 1865, a 10 per cent tax was placed on all State bank notes; this amounted to a prohibition, and many State banks obtained charters as national banks.

This legislation, however, did not put an end to the monetary problems of the country. In 1861, the financial pressure of the Civil War had forced the national government to suspend specie payment

—that is, to refuse to redeem paper money with gold. Soon after, the national government itself issued paper money, known as greenbacks, which was not backed by a gold reserve in the United States Treasury but only by the good faith of the government. The greenbacks were legal tender at face value for private and public debts, except for duties on imports and interest on the public debt. With the suspension of specie payment, all paper money steadily declined in value, and particularly the greenbacks. In the summer of 1864, the greenback dollar was worth only thirty-five cents in gold. By that time, most of the money in circulation was in the form of greenbacks, because when two or more currencies of unequal value are in circulation, the cheaper money tends to drive the other money out of circulation. One of the results of the decline in value of the greenbacks was rapidly rising prices. In 1875, Congress passed legislation providing for the resumption of specie payment and for the redemption of greenbacks in gold at their face value beginning on January 1, 1879, and the value of greenbacks gradually increased. This action, together with other factors, resulted in a general decline of prices.

The fundamental reason for the discontent of the farmer was the steady decline in price for farm products. Average prices of major staple crops, such as wheat, corn, and cotton, dropped about one-half during the period from 1870 to 1896. In 1889, for example, corn sold for fifteen cents a bushel in Kansas and Nebraska, whereas in 1870 the average price had been about thirty cents. In fact, in Nebraska, Iowa, and Kansas the price of corn was so low at times that it was cheaper for the farmer to burn it for fuel rather than haul it to market and buy coal with the money he received. A fundamental reason for the decline in prices of farm products was overproduction, but farmers generally attributed their economic troubles to other factors. They felt that advantage was being taken of them by other groups in society.

Wider use of scientific farming and of improved machinery were important causes of increased production. Another cause, which was even more significant, was the development of new farming areas, especially in the Midwest. For many years, public land had been sold at low prices to encourage westward expansion, and in 1862 the government established a free land policy. The Homestead Act gave a settler 160 acres on the payment of a \$10.00 fee, provided that he lived on the land and cultivated it for five years. Increased immigration, the demobilization of the Civil War soldiers,

and the building of railroads also led to rapid settlement of the West and expansion of farm acreage. The increased quantities of farm products caused lower prices, which fluctuated freely with changes in supply and demand.

On the other hand, costs of the materials the farmer needed to buy fluctuated to a lesser degree, tending to remain at high levels even when the prices of farm products dropped drastically. The prices of manufactured goods were kept high by tariffs, monopolies, and agreements among businessmen. Actually, the condition was one in which the forces of supply and demand did not operate as freely in causing changes in the farmers' production and living costs as they did in causing changes in the prices of farm products.

CREDIT AND DEBT Free land and land at low prices had made it possible for thousands of artisans, laborers, and Civil War veterans to seek their fortunes in the West. The raw land, however, had to be improved, and farm machinery had to be purchased. Most of the farmers had to borrow to obtain these improvements and machinery and to expand their holdings if they desired. In 1890, a survey of Kansas farms indicated the extent of borrowing in the Midwest—of the 3,107 farms surveyed, only 350 were unmortgaged. When the farmer could no longer obtain money on his real estate, his other possessions were mortgaged, so that in many areas nearly everything owned by the farmer was encumbered with debt.

The borrowed funds often came from financial institutions in the East, and interest rates were high, often as much as 15 to 20 per cent. As prices declined, the debt became increasingly burdensome; farmers had borrowed when farm prices were high but were forced to pay their debts when prices were low. Too often the entire proceeds of the farmer's efforts had to go for meeting his debt obligations. As prices continued to decline, more and more farm products were required to pay a given debt. The conviction grew in the farmer's mind that there was something out of balance about a system that created this condition.

In some areas of the South, the farm situation was even more distressing. Not only were there mortgages on real and personal property but the farmer was burdened with the crop-lien system. A large number of Southern farmers had to obtain seed and supplies on credit before their crops were marketed. The merchants charged high interest rates and had mortgage rights to the debtor's property, including his crops. If the price fell during the year, the farmer could

not meet his obligations and was forced to give up his land and crops through foreclosure. He then remained on the land as a tenant, but because he had no ready cash, he was forced to borrow on the next year's crop to buy his supplies. The farmer seldom could get enough ready money to avoid borrowing for each planting; thus, it was impossible for him to regain his land and economic independence.

TAXATION Taxation was another financial drain on the farmers. The westward movement had increased land values, which worked both for and against the interests of the farmers. The increased value of land meant that more money could be borrowed, but it also meant higher evaluation when property was assessed for taxation. Tax rates were high because money was needed to develop the newly settled regions. Schools, roads, police systems, and other services had to be supported by tax funds. The property tax was used by the local and State governments as the main source of revenue for these improvements. Although others might conceal their property or underestimate its value, the farmer could not. Furthermore, the amount of taxes did not go up and down with the level of prices for farm products. From his decreasing income, the farmer was faced with paying larger fixed amounts for taxes, as well as for interest on indebtedness. He became convinced that the tax system was unfair, unreasonable, and discriminatory.

MARKETING PROCESS Another reason for the discontent of the farmers was the handling charge made by the middlemen between the farm and the market. Most farmers believed that even when farm prices were low they could make a profit if the middlemen would not take such an unfairly large share of farmers' income in handling charges or in profit from selling farm supplies. The farmers felt that they had as little to say about the price of the products they sold as they did of the supplies they bought and that the buyer set the price and determined the grade of the farm products to his own advantage. Rarely did the farmers think they had obtained the financial returns they deserved.

THE RAILROADS Many Western farmers blamed their troubles on the railroads, which had to be used to send farm products to market. At first, farmers, especially those in the Midwest, favored the building of railroads, since improved transportation had made possible

the opening of new areas for farming and the sale of farm products in Eastern markets. The individual farmer, farming communities, and States bought railroad stocks, and all were in favor of the national government's policy of granting public land to the corporations constructing the railroads.

By the early 1870's, however, the attitude of farmers toward the railroads had changed. In the first place, they resented the large land holdings of the railroad companies. Since this land was usually highly desirable because it was near shipping points, the railroad companies often placed on it a higher price than the customary government price of public land. The farmers felt that the railroad companies were taking unfair advantage of them.

Another grievance against the railroads concerned investment in railroad stocks. The individual farmer had bought railroad stocks in order to have railroads built in his section of settlement. Often he had mortgaged his land to buy the stock and thus had added to his debt burden. A number of the railroad companies failed, and the farmer found his stock either greatly reduced in value or entirely worthless. State, county, and township governments often had bought railroad stocks for which the farmer had paid indirectly, his taxes having been raised to pay for these purchases. When these stocks sometimes declined in value or became worthless, the farmer was disgruntled.

The railroad situation that most directly concerned farmers was the cost of railroad transportation. With the development of the railroads had come abuses of their power and advantages. Railroad rates were high, and there was discrimination in rates between competitive and noncompetitive shipping points, as well as between persons. Since most farmers lived near noncompetitive shipping points, they usually had to pay rates high enough to make up for the losses of the railroads in areas where competitive rates were below the costs of operation.

The farmers felt also that public officials, especially legislators, were unduly influenced by railroad companies. Grants of free passes and transfers of railroad stock to legislators at a price below the market value were evidences of this influence.

Movements to Improve the Farm Situation

When the farmers attempted to improve the agricultural economic situation by political action, they found that, as an interest group, they had little representation and influence in either the national or

State governments. In the early history of the United States, many men in public life were farmers, and until the time of the Civil War, the Southern planters were active in representing agricultural interests in Congress. After the War, however, political power was concentrated in the North and East. The members of Congress came increasingly from the business interest group and from the legal profession; thus, their interests were more urban than rural. In 1870, 47 per cent of the population was engaged in agriculture, but only about 7 per cent of the members of Congress came from the agricultural group.

The only remedy seemed to be for the farmers to organize as an interest group to promote agrarian welfare. Farmers' clubs sprang up in many communities to take political action against the conditions that appeared to be most harmful to agricultural interests. But the influence of local clubs was limited, and farmers recognized the need for wider co-operation. This opportunity came with the development of a new farm organization known as the Patrons of Husbandry, or the Grange.

THE NATIONAL GRANGE OF THE PATRONS OF HUSBANDRY The National Grange of the Patrons of Husbandry was founded by Oliver Hudson Kelley and other government clerks in Washington, D.C., not by the farmers themselves. It gave the farmers an organization, however, through which they could work to improve agrarian conditions. In 1866, Kelley, a clerk in the Agricultural Bureau of the national government, was assigned to travel in the South to gather information about agricultural conditions. The survey showed that the Southern farmers had many unfulfilled social and economic needs, and Kelley became interested in organizing farmers throughout the nation as a way of improving agricultural conditions. He planned a secret, fraternal type of association in which membership would be open to both men and women. Although it was organized in 1867, the growth of the Grange was slow until farmers recognized the need for collective action during the post-Civil War depression. Beginning in 1872, the Grange rapidly expanded, mainly because it adopted the special aim of obtaining cheaper railroad rates.

As planned by Kelley, the Grange was to advance agrarian interests through education and co-operation among the farmers. During the period of the Agrarian Revolt, however, the members also turned to political action. The program of objectives was broad, and varied from time to time. In general, it included the establish-

ment of co-operative purchasing and marketing agencies, reduction of farmers' living expenses, increases in the beauty and comfort of farm homes, diversification of crops, and systematization of farm work. The Grange also wanted aid for the farmers from the national government, especially in obtaining information for improving farming techniques, in reducing railroad rates, and in banking, currency, and tax reforms.

According to the national constitution of the *Patrons of Husbandry*, the local Granges were not to take an active part in politics, and the rules of the organization even prohibited the discussion of political affairs in the regular Grange meetings. The members of the local Grange, however, easily overcame this restriction. They held their meeting and took care of Grange affairs, then officially adjourned, but continued to meet as an informal group to make political plans.

During the 1870's, the Grange was an active political force in State elections and in influencing State legislatures. In the Mid-western States, Grange members were instrumental in electing to political office candidates who favored the farmers' interests. Furthermore, resolutions and petitions, or even specific bills regarding general farm programs, were sent to the legislatures. Sometimes, to exert direct pressure for the passage of favorable legislation, State Grange conventions were held in State capitals while legislatures were in session. In a number of States, the legislatures passed laws regulating the rates and services of the railroads and warehouses. Such laws were referred to as "Granger laws" because of the powerful, although unofficial, Grange backing. The Grangers not only directed their efforts toward railway legislation but also urged better facilities for education, uniform textbooks for schools, reduction and equalization of taxes, lower interest rates, and economy in government.

Grange influence was felt also at the national level of government. At first, the national organization of the Grange did not deal with political issues, but by 1876 the National Grange came out definitely for a number of national legislative proposals. Circular letters were sent to members of Congress, and candidates for national office were questioned frequently about their stand on farmers' demands. Through its antirailroad agitation, the Grange contributed to the pressure leading to the enactment of the Interstate Commerce Act of 1887, by which Congress established the policy of regulation of interstate transportation. Another achievement of the National

Grange was the acceleration of the movement that eventually led to granting cabinet status to the Department of Agriculture.

Membership in the Grange dropped rapidly during the late 1870's. The failure of many of the Grange-sponsored farmers' co-operatives was the main reason for the decline of the Granger movement, though other things contributed to it. The Grange had grown rapidly, and many persons who joined were more concerned about advancing their own interests than those of the organization. Others, who had joined mainly to take part in the political activities to obtain legislation to regulate rates of railroads and warehouses, dropped out of the Grange when the State legislation for this purpose proved ineffective. The railroads fought the regulation, the State governments were slow to put the laws into operation, and many laws were stated in such a way that they brought no relief to the farmers—for example, one such law stated that all freight rates should be uniform, and the railroads brought about uniformity by raising the low rates instead of lowering the high. In many States, the regulatory laws were repealed before they had been given a fair trial.

After 1881, the Grange resumed a normal growth because the sound basis of the organization remained. It was essentially an educational and social movement, even though for a time it had entered into political activity to bring about agrarian reform. The Grange, with its ceremony, color, and social activities, did much to make the drab, isolated farm life of the nineteenth century more attractive. It was the first attempt at large-scale organization of farmers as an interest group, and later organizations adopted many of its ideas and ideals. Today the Grange is still one of the three general farm organizations in the United States.

THE FARMERS' ALLIANCE Another farmers' movement, which openly urged political action, was in part the cause of the decline in the popularity of the Grange. This organization, commonly called the Farmers' Alliance, developed spontaneously from local organizations formed by farmers during the 1870's. Thus it was a "grass roots" movement rather than a planned organization, as the Grange had been. The local Alliance groups became federated into State Alliances and gradually developed into two large branches—the Northern Alliance and the Southern Alliance.

By 1882, there were many local Alliances in the North and Midwest, and the collapse of farm prices in the late 1880's stimulated the growth of the movement. The Southern Alliance had grown also

in both membership and influence. In general, both ventured into politics principally to obtain economic reform. Alliance members were instrumental in electing farmers or those favorable to farm interests as public officials, especially as members of State legislatures. The influence of the Alliance members also promoted the passage of laws regulating the grading of grain, mortgage foreclosures, and railroad practices. As a rule, the laws were ineffective because of the indifference of the State officials and the courts toward enforcement and because State laws could not deal adequately with problems largely interstate in nature.

Both Alliances sponsored the organization of co-operative enterprises, such as purchasing and selling agencies, consumer stores, and grain elevators. Many of these ventures, however, failed because of poor business management and the competition of other businesses. Both Alliances also had social and educational programs. The educational programs especially broadened the farmer's outlook and spread the demand for reform. The Alliances gave financial assistance to farmers who were about to lose their lands by mortgage foreclosures, but because the organizations' resources were limited, this service was only partially effective in relieving the economic pressure upon the farm population.

The awakening of an agrarian consciousness among the farmers was the outstanding achievement of the Farmers' Alliance movement (an achievement shared, of course, with the Grange) in both the North and the South. It enlightened the farmers about their problems and gave them experience in co-operation. It led also to increased political action among the farmers.

Lack of unified effort between the two groups lessened the influence of the Alliance movement, and consolidation seemed a logical development; but because of differences, union was impossible. The Southern Alliance wanted secrecy in the organization and a separate organization for Negroes, both of which features were opposed by the Northern Alliance. In political activity, the Southern Alliance favored working through the Democratic Party in order to maintain white supremacy in the Southern States, but the Northern Alliance maintained that the organization could promote farm interests to a greater extent by forming a third party. After an effort to merge in 1889, the Southern Alliance declined rapidly and went out of existence within a few years. The continuing economic distress of the Midwestern farmers convinced most of the Northern Alliance members that direct political action was the most effective way of improving their economic conditions. Most of them

turned, therefore, to the newly organized People's Party, and during the 1890's the Northern Alliance and the People's Party were practically identical. As we shall see, the People's Party was unable to maintain a permanent political organization and with its disintegration came also the disintegration of the Northern Alliance.

THE PEOPLE'S PARTY (THE POPULISTS) In the 1870's and 1880's, farmers' organizations used both direct and indirect political action to bring about improved farm conditions. Generally, however, farmers attempted to accomplish their purposes by using pressure on the two major political parties, though in a few States, farmers' independent political parties existed for short periods of time. In the early 1890's, conditions in the Midwest were so distressing that need for united action developed into a strong third-party movement. The problems of the Midwestern farmer had become particularly acute because of the collapse of a speculative land boom. Early in the 1880's, crops in the Midwest had been exceedingly abundant, primarily because of heavy rainfall. Favorable growing conditions tempted farmers to add to their landholdings in the hope that they could increase their incomes. Many of them borrowed money at high rates of interest in order to buy more land. At the same time, immigration of new settlers also increased the land sales. The rush for farming acreage raised the price of land far beyond the usual selling price.

Lack of rain in the Midwest for a ten-year period beginning in 1887 was disastrous to the temporary prosperity that had led the farmers to augment their landholdings. At the same time, the increased supply of farm products on the market had caused prices to decline. This marketing situation was further aggravated by expanding world production and competition in world markets. The farmers had little if any cash income, and because many of them could not make their mortgage payments, they were forced off their lands.

The chief storm center was the Midwest, where the farmers wanted immediate action and quick results. At first, agrarian leaders felt that by supporting either of the major political parties they could influence the party to promote a program which would alleviate the conditions causing the farmers' economic distress. A change in attitude came with continued disappointments and the unwillingness of the major political parties to sponsor legislative programs to improve conditions.

Many members of the Farmers' Alliance had been active in the

congressional election of 1890. A number of spectacular campaigners stirred the farmers to political activity. For example, Ignatius Donnelly in Minnesota and James B. Weaver in Iowa attracted large audiences by their wit and sarcasm on social subjects. In Kansas, Mrs. Mary Lease told the farmers to "raise less corn and more hell" and "Sockless" Jerry Simpson, by making light of his "silk-stockinged" opponent, was elected to the House of Representatives. Alliance men were greatly encouraged by the returns of the election. Farmers' groups elected three governors, more than fifty members of the House of Representatives, four Senators, and enough State legislators to secure complete or partial control of the legislatures in twelve States. Early in 1891, a convention of farmers, chiefly Northern Alliance men, met to form the People's Party. Appeals were made to all liberal-minded groups to join forces with the farmers on the issue of the People vs. the Plutocrats. The national convention in 1892 was attended by some of the leaders of the declining Southern Alliance, as well as by those of the Northern Alliance, and by many labor leaders.

The Populist Party formulated a program of social reform to appeal not only to the farmers but also to industrial laborers and liberal-minded groups. The party platform in 1892 advocated increasing the amount of money in circulation to \$50.00 per capita (it was about \$20.00 at that time), to be obtained either by unlimited coinage of silver or by printing paper money, or by both methods. Leaders of the party believed that this increase in money would cause rising prices for farm products and rising wages. Other party planks of a financial nature advocated banking reforms, a graduated income tax, and a subtreasury plan by which the national government would extend short-term credit to the farmer in order to assist him in marketing his product. Another part of the platform that particularly appealed to the farm population called for governmental ownership and control of transportation and communication facilities. The party stand on land ownership was also favorable to farmers. The platform advocated the passage of laws against alien ownership of land and for governmental recovery of railroad land in excess of the actual needs of the railroads. In order to attract the labor vote, the party favored an eight-hour working day and the abolition of the use of labor spies. Four of the planks of the platform were governmental reforms sponsored by liberals and progressives. These were the popular election of United States Senators, a single term for President and Vice-President, State laws for initiative and referendum, and the use of the secret ballot in elections.

In the election of 1892, the Populist Party's presidential candidate, James B. Weaver, received 22 electoral votes and more than a million popular votes, about 9 per cent of the total. A sufficient number of congressmen were elected to keep the public conscious of the party. In the congressional election of 1894, the party's popular vote was increased nearly one-half over that in the election of 1892. Because of these encouraging results, the Populists looked to the presidential election of 1896 with high hopes. Indications were that the campaign would center on the issue of free coinage of silver—a major objective of the party. Before the Populists met, however, the Democratic Party held its national convention and nominated William Jennings Bryan on a free-silver platform. Other reforms advocated by the Populists also were adopted by the Democratic Party. Populist leaders felt, therefore, that their party should endorse Bryan, who was defeated in the election.

Because the major parties eventually adopted many parts of the Populist program, the movement declined. But it was the return of farm prosperity that checked the Agrarian Revolt as a whole. When better times came, the farmers lost interest in reform. Many of the major objectives of the Populist program, however, have been enacted into law, because the party awakened public consciousness of its aims, which were realized eventually through other organizations.

TWENTIETH CENTURY AGRICULTURAL TRENDS

The Situation before 1920

By the beginning of the twentieth century, farm prosperity was sufficiently widespread to lessen the farmers' agitation for reform. The period from 1898 to 1914 was very encouraging to agrarian interests. During that time, growing population and industrial expansion in the United States furnished markets for food products and raw materials. Farm prices steadily increased, and products were sold in both domestic and world markets to the advantage of the farmer.

The outbreak of World War I in 1914 brought even more prosperity to the farmers during the next few years, a prosperity for which they were to pay dearly in the 1920's. Foreign markets for United States grains, cotton, and meats were seriously affected in the year following the outbreak of the war because international credits and trade were upset by war conditions. But the collapse of the agricultural market was short-lived. In the latter part of 1915,

demand from warring nations for farm products was so great that prices skyrocketed. For example, between 1914 and 1917, the value of exported meat products rose approximately 147 per cent and that of wheat, 240 per cent. By 1917, farm incomes were higher than at any previous period in agricultural history.

The financial prosperity of the farm population continued after the United States entered the war in 1917. Increased production was encouraged by high prices and governmental action. Although there was some regulation of farm prices, general price levels were far higher than before the war. The wheat crop of 1917 was bought by the government at \$2.20 a bushel and that of 1918 at \$2.00 a bushel—and the price rose to \$2.76 a bushel in the early part of 1920. Encouraged by war prices and the demand for food products, farmers expanded their production. For example, the wheat crop of 1918 was more than 40 per cent greater than that of the preceding year. Many farmers borrowed heavily to purchase land and equipment in order to increase production.

The Situation after 1920

In 1920, farmers planted their crops at high prices but at harvest time sold them for less than they had received in 1914. Prices declined suddenly in the late fall and winter of 1920. For example, the price of wheat dropped from a high of \$2.76 a bushel in the early part of 1920 to \$1.44 a bushel in December; corn went from \$1.35 to 68 cents, oats from 72 cents to 47 cents, and cotton from 36 cents a pound to 14 cents. This decline was only the beginning. Although industry generally recovered from the recession period of 1920 to 1921, agriculture did not, and the economic condition of the farmer steadily grew more distressing. Two basic factors help to explain this situation: (1) oversupply in the world markets brought on by the demands of the war and improved agricultural machinery, and (2) the world-wide lessening of demand. Overseas markets were lost as European farming areas again were put into production. Other nations, such as Argentina, Canada, Australia, and Russia, were expanding their wheat acreages, and United States farm products had to meet more competition than ever before.

Low farm prices were not the only difficulty facing the farmers. Taxes and interest payments were high, and the prices of manufactured products and supplies that the farmers needed soared. The value of farm land dropped alarmingly. When the general economic depression began in 1929, a satisfactory adjustment in the farm situation had still not been achieved.

FARM ORGANIZATIONS OF THE TWENTIETH CENTURY

The farmers again turned to political action and interest-group activities in an endeavor to improve the agricultural situation. The widespread interest in organization had lessened after the decline of the Populist Party in the late nineteenth century. But farmers continued to work together to promote their interests. Early in the twentieth century, for example, the American Society of Equity was organized in Indiana and spread to Illinois and Wisconsin, though it did not extend widely among the farmers in other areas. After an existence of five years, it had become largely an organization furthering co-operative enterprises. The original purpose was to organize the farmers into a "Third Power" to obtain recognition along with the two other great powers—labor and business. In a sense, this was a forecast of things to come.

The National Grange of the Patrons of Husbandry

As we have stated, the Grange did not go out of existence during the period of the Agrarian Revolt. Although it lost influence among the farm population as a means of obtaining immediate relief from economic distress, the Grange served the social and educational needs of agrarian society sufficiently to maintain its organization. Except for a few years in the 1940's, Grange membership has steadily expanded since the beginning of the twentieth century. Membership is on an individual basis, and there may be, and usually are, two or more Grange members in each family. The following data indicate the trend in membership from the time of the Grange's early activities to the end of 1947. The figures are approximate and designate individual memberships rather than family memberships.¹

1874—	268,000
1875—	858,000
1877—	124,000
1895—	100,000
1900—	120,000
1910—	250,000
1922—	420,000

¹ Computed from a chart in Orville M. Kile, *The Farm Bureau Through Three Decades* (Baltimore: The Waverly Press, 1948), p. 368.

1930—592,000

1940—400,000

1947—818,000

Grange officials have estimated that there are about 1.6 members per family. On a family basis, the membership as of December, 1947, would be approximately 511,250.

The activities and the influence in political affairs increased as membership rose. By 1918, the Grange had established in Washington, D.C., a permanent office employing a staff of research and publicity experts for lobbying purposes. The National Grange has had considerable influence in political activities from the 1920's to the present, representing the more conservative agricultural group. Over a period of seventy-five years, the Grange has championed the worth of the farm family and has contributed to the social life of farm people. It also has had considerable influence on the agricultural policy of the national government, economic co-operative development, and the maintenance of general public interest in farmers and farm problems.

The Farmers' Union

The Farmers' Educational and Co-operative Union, commonly called the Farmers' Union, is another of the three general farm organizations in existence today. Established in Texas in the early part of the twentieth century, its chief founding purpose was to correct the crop-lien situation in the production of cotton. Many of the Farmers' Alliance local organizations which continued as independent groups after the Southern Alliance had disbanded affiliated with the Union. The incentives of low membership fees and promises of assistance aided the growth of the movement, which soon spread throughout the South and into the West and Midwest. Membership in the Farmers' Union is on a family basis, and the Union reported a membership of 150,965 in December, 1947.² Many Midwestern farmers with large holdings are members of the Farmers' Union co-operative enterprises. Nationally, however, the Union largely represents the smaller farm units and, particularly, the farmers who have low incomes.

The Union has stressed economic endeavors rather than social and educational activities. When it was first organized, one of its primary efforts was to help cotton farmers improve their marketing. They

² *Ibid.*, p. 22.

were encouraged to control cotton prices by limiting production. The Union also endeavored to correct the crop-lien situation in the South by improving credit facilities and decreasing the need for credit. This objective was accomplished in part by the establishment of co-operative business enterprises, but lack of co-operation among farmers handicapped the program. The establishment of co-operative enterprises also has been a part of the program of the Farmers' Union from its beginning; these include consumers' stores, warehouses in the South for storing cotton, and grain and livestock marketing co-operatives in the Midwest.

The constitution of the organization prohibits the discussion of partisan politics in meetings, but the Union has engaged in political activities from the beginning. At times it has lobbied for farm legislation at both State and national levels of government and has supported candidates for public office. The Union has been especially active in behalf of the interests of the tenant farmer and has sponsored programs for the promotion of the family farm. Union support has been given to regulation of transportation and communication facilities, limitations of the ownership of land by aliens and corporations, reforms in the tax system, pure food laws, crop insurance, and refinancing dispossessed farmers.

The Non-Partisan League

The Non-Partisan League, which originated in North Dakota in 1915, was designed for direct political action and for taking political control from the bankers and corporate interests and giving power to the farmers. Arthur C. Townley, the dominant figure in initiating, promoting, and directing the League, envisioned bringing the farmers of North Dakota together into a powerful, dues-paying organization which could gain control of the State government through its votes. His program called for State ownership of terminal elevators, flour mills, packing houses, and cold storage plants; for rural credit banks operated at cost; for exemption of farm improvements from taxation; and for State hail insurance. The objective of the reforms was primarily to eliminate the profits of the middlemen and the high interest rate on bank loans, so that the farmer could retain a greater proportion of the wealth he produced.

Legislation was the principal means used by the League to gain its objectives. The general aim of the nonpartisan political action was to control the primary election of the major party of the State involved. If the League could get its candidates nominated, election

to office was assured. In North Dakota, the League gained control of the State government in 1918 and inaugurated its entire program. The State-owned enterprises, however, were not conducted efficiently, and discontent increased as mounting taxes were needed to take care of the losses of these enterprises. In addition, Townley was attacked for mismanagement, extravagance, and dictatorial exercise of power. Soon after 1920, the League began to lose its influence and power, but has continued as an agricultural interest group. In Minnesota, the League failed to get control of the Republican Party, the major political party of the State, but it made common cause with labor and formed the Farm-Labor Party. This party reached its height of influence in the mid-1930's, though it did not achieve an important place in national politics.

The American Farm Bureau Federation

The third of the present general farm organizations—the American Farm Bureau Federation—evolved slowly. Its beginning goes back to the county agent system, which played an important role in the Bureau's early organizing activities. In 1906, the Department of Agriculture created the position of county agent, financed by national and local funds, chiefly for the purpose of teaching Texas cotton farmers how to control the boll weevil. The practice of using the county agent for teaching and demonstrating farm methods soon spread to other States. In order to make the work of the county agent more effective, farmers' groups—called farm bureaus—were organized in many counties. As these groups developed, their program was enlarged from scientific education alone to the general improvement of farm life. The Smith-Lever Agricultural Extension Act of 1914 made national funds available for the work of the county agents. Money provided by the national government was to be matched by funds from the State and spent and administered through the State agricultural colleges.

The next step in organization came in 1915, when the county bureaus of Missouri were organized into a Missouri Farm Bureau Federation; by 1918 ten or twelve States had similar organizations. The entrance of the United States into World War I stimulated the growth of county farm bureaus. The demand for food and the need for manpower placed heavy responsibilities upon the agents to encourage farmers to increase production and conserve food. Additional county agents were appointed, and by 1918 county farm bureaus had been organized throughout the agricultural regions in the North and West.

Quite naturally, the next step was the organization in 1919 of the American Farm Bureau Federation (AFBF) as the central body or alliance of the State federations. The AFBF established a department of organization in 1920 to assist the State Farm Bureaus in their membership drives and to organize new State Farm Bureaus. The county farm bureaus continued to be financed by national and local funds and by membership dues, but the State and national organizations were supported entirely from membership dues. In the 1940's and 1950's, the county Farm Bureaus were separated from the extension service of the agricultural colleges in a number of States. The county agents in these States work through county councils rather than through the county Farm Bureaus.

After the formation of the AFBF, the members had two different attitudes toward the promotion of agricultural interests. One group wished to further agricultural education, which was the primary work of the county agents. The other group, while endorsing the educational work, wanted to make it more effective by the promotion of marketing co-operatives and favored the use of political action to promote the interests of agriculture. The result was a compromise, and the AFBF started out on a middle course. The program has been to continue educational activities for the farmers, to provide leadership for the promotion of farm legislation, and to assist members in forming co-operatives. The AFBF has established special departments to handle such matters as transportation, distribution of farm products, income tax reforms, and co-operative marketing. Most of the economic activities of the Farm Bureau have been at the State and county levels. In addition to co-operative buying and selling, insurance of various types, particularly automobile insurance, has been a part of the co-operative program.

The Farm Bureau is especially strong in the grain- and livestock-raising States of the Midwest and the upper Mississippi Valley region. At the national level of organization, it is usually thought of as the spokesman for the larger commercialized farm units. The farmers who are members are usually the most secure economically, especially in those States with large memberships. Many tenant farmers, however, are members of the organization. By the mid-twentieth century, the membership of the Farm Bureau was the largest of the three general farm organizations. Like that of the Farmers' Union, membership is on a family basis. The membership increased rapidly in the 1940's, rising from approximately 450,000 in 1940 to 1,274,180 in December, 1947.³

³ *Ibid.*, p. 369.

The purpose of the American Farm Bureau Federation has been to give agriculture a nation-wide character, with spokesmen in national affairs, as well as to strengthen the work of the county and State bureaus. A national office was established in Washington, D.C., and the national organization, from its beginning, has been active in the legislative field. Before each session of Congress, a legislative program is worked out and passed on to Congress by experienced lobbyists. During the 1920's and 1930's, the AFBF took the lead in the drive for farm relief.

Commodity Group-Interest Associations

In addition to the three general farm organizations, numerous specialized farm producers have organized. These groups are concerned primarily with the promotion of their own special economic interests. They have promoted co-operation among their members and, through their lobbying activities, have had considerable influence on the formulation of governmental policy regarding agriculture. Some of the active associations are the National Council of Farm Co-operatives, the Farmers and Manufacturers of Beet Sugar Association, the National Livestock Producers' Association, the National Milk Producers' Federation, the National Cotton Council of America, the Dairymen's League Co-operative Association, the American Wool Growers' Association, the American Sugar Cane League, the Co-operative Fruit and Vegetable Association, and the American Soy Bean Association.

RELATIONSHIPS AMONG AGRICULTURAL, LABOR, AND BUSINESS INTERESTS

Various attempts have been made to combine the interests of farmers and laborers, but most of them have been unsuccessful. In the nineteenth century, the Farmers' Alliance worked with the Knights of Labor, and the Populist Party combined labor interests with farm interests in its party platform. In the twentieth century, the Farmers' Union and the Congress of Industrial Organizations worked together in certain areas. Co-operation between laborers and farmers, however, has not developed to a point where it can be judged accurately. The point of view of the farmer usually is that of the small capitalist. He is an owner of considerable property and considers himself an employer of labor rather than a member of the working group. This difference in attitude probably will prevent any

lasting widespread farmer-labor movement in the United States.

Historically, farmers have felt that their interests are in opposition to the interests of businessmen in urban and industrial areas. They have condemned monopolies and have tended to believe that all big business involves something like monopoly. Traditionally, the farmers and the bankers have been at odds about farm loans and interest rates. By mid-twentieth century, however, there seems to have emerged a better understanding on the part of both farmers and nonagricultural businessmen. The two groups still have their conflicting interests, but the occasions on which they work together have been more numerous in recent years. A part of this changed attitude may have resulted from the growing significance of farmers' and other co-operative developments which have brought farmers and urban business leaders into more frequent contacts.

Misunderstanding and distrust, however, still exist on each side. These attitudes may be due in part to the feeling that the urban dweller has a higher standard of living than the farmer, even though with the extension of electricity to rural areas and the further development of all-weather roads, some of this difference has disappeared.

SUMMARY

The third of the Big Three interest groups in American society—agriculture—resulted from the farm movement that started in the second half of the nineteenth century. Farmers, like laborers, recognized that individual efforts to promote their interests were futile, and they too organized as an interest group for the purpose of improving their economic status.

Following the Civil War, low prices for farm products caused agriculture to be at a disadvantageous position in the economy. The adverse conditions in agriculture resulted in large part from the overproduction brought about by agricultural developments in the nineteenth century. In the first place, western expansion had put more acreage into production, and as the supply of farm products exceeded demand, prices dropped. Second, commercial agriculture in part replaced the self-sufficient farming of the early nineteenth century. Industrial and urban growth increased the demand for farm products and made it profitable for farmers to produce cash crops. They were dependent upon markets, therefore, not only for

the sale of their products but also for the goods they had formerly produced themselves, as well as for many new items that had been created as a result of industrialization. Third, the practice of scientific agriculture increased production. Fourth, improved farm machinery made possible the farming of more land with less labor. The purchase of farm machinery, however, was dependent upon the farmers' incomes; therefore, the sale of their products at a profit became increasingly necessary.

Farmers, however, did not always recognize overproduction as a basic cause of their economic distress but blamed other interests in society—for example, the marketing agencies, the financial institutions from which they borrowed money, the manufacturing enterprises, the railroads, and even the government. They complained that they had little if any voice in determining the prices of the products they bought and sold, the terms on which they obtained credit, the value of currency, and the rates they were charged for transportation of their products to market. The farmers were faced during this period with paying taxes and interest rates on their debts, even though their incomes had been reduced greatly by the lower farm prices.

Farmers turned to collective action for relief from the conditions they felt responsible for their troubles. They brought pressure on bankers and financiers for reduction of interest rates, on government for tax reforms and the regulation of railroads, on railroads and warehouse owners for lower transportation and storage rates, and on industrial leaders for lower prices on manufactured goods, especially on farm machinery. When the farmers attempted to remedy their position by political means and found that the political situation was no longer favorable to them, they organized in order to become more effective. Because local farmers' groups were ineffective, many farmers joined the National Grange of the Patrons of Husbandry. The efforts of the Grange, however, were unsuccessful in bringing immediate relief. Later, many farmers joined the Farmers' Alliance, an organization favoring political action. As economic conditions became worse for the farmers, the leaders of the farm movement sponsored the formation of a third party in the hope of getting immediate results. This party—the Populist Party—was active in the presidential election of 1892 and in the congressional election of 1894. Its success in those elections gave farmers hope that they would win the presidential election of 1896. The Democratic Party, however, adopted much of their pro-

gram, and the Populist Party endorsed the Democratic presidential candidate, William Jennings Bryan. When the Democratic Party lost the election, the Populist Party ceased to be a force in national politics.

By the end of the nineteenth century, the farm economic situation had improved, and the farm group lost interest in the reforms they had sponsored previously. The demand for farm products during World War I further contributed to farm prosperity. But with the close of the war, farm prices again dropped and the farm population was faced with many of the problems that had caused discontent during the nineteenth century. The farmers again cooperated in an effort to improve farm conditions. Through the three general farm organizations of the time—the Grange, the Farmers' Union, and the American Farm Bureau Federation—farmers brought pressure on government for assistance in meeting agricultural problems. Government programs formulated to aid the farmers are discussed in the next chapter.

QUESTIONS

1. Why was there no distinct agricultural problem in the United States during the first half of the nineteenth century?
2. What changes in society and agriculture resulted in the gradual development of a distinct agricultural problem in the United States?
3. Name and describe the conditions giving rise to agricultural unrest during the last half of the nineteenth century. Do you think the farmers were justified in blaming other groups in society for some of these conditions? If so, why?
4. Who organized the Grange? Why? What was the form of the organization? Why did the Grange continue to exist when the other farm organizations in the period of the Agrarian Revolt disbanded?
5. Why was the Grange popular among farmers during its early years? Why did it later become less popular? What have been the main contributions of the Grange movement to the farm population?
6. What was the approach of the Farmers' Alliance to the agrarian problems of the nineteenth century?
7. How did the Farmers' Alliance aid the development of the Populist movement?
8. What was the Populist Party platform in the presidential election of 1892? Why did the Populist platform contain features that would appeal to the labor-interest group?
9. Contrast the general farm situation during the period before 1920 with that after 1920.

10. Compare the programs and activities of the three general farm organizations in the United States today. How do the three together widely represent agricultural interests?

DISCUSSION

1. Why were many of the State laws that were passed in the nineteenth century to aid the farmer ineffective? Have we studied any similar situations in other groups? If so, what were they?
2. Why do you think that Mary Lease of Kansas urged the farmers to "raise less corn and more hell"? Why was her advice practical?
3. Did the Populist movement "fail"? Give reasons to support your answer.
4. A criticism directed toward the American Farm Bureau Federation has been that it is both a "government and private organization." What is the basis for this criticism? Are any changes taking place?
5. Which agricultural organizations resemble the trade associations of businessmen? Would the three general farm organizations have some of the difficulties in formulating a program that the United States Chamber of Commerce has had? Why or why not?
6. Since both the labor- and farm-interest groups have directed some of their activities against the business-interest group, it would seem that they would unite in this effort. Why has this not happened?

TERMS

Crop-lien: A legal right to hold a crop or to have it sold or applied for the payment of a claim.

Commercial agriculture: Production of agricultural commodities, often on a one-crop basis, for sale in the domestic and world markets.

Graduated income tax: A tax on income in which the tax rate increases as the income increases.

Middleman: One who distributes goods from producer to consumer on his own account and risk.

Self-sufficient agriculture: Production of agricultural commodities largely for farm family consumption and for limited sale at local markets.

Staple crops: Farm products which are grown primarily for sale in a market.

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24 THE FARM PROBLEM

In the twentieth century, there has been an increasing interest in and concern about what usually has been called "*the Farm Problem*"—that is, the condition of farmers in relation to society as a whole. For a number of reasons, those who farm have always been highly important in the society of the United States. In the first place, the farms provide approximately nine-tenths of the food and fiber used to satisfy the needs and wants of the people. In the second place, farm families have been to a large extent the source of the nation's population. The rural birth rate is higher than the urban, and in the last century young people have migrated from the farms to city residence and nonagricultural industry. Without the influx of farm-reared youth, many of the large cities of the United States would have declined in population. The conditions under which these young people are reared determine, in large measure, their usefulness to society. Finally, the very number of farm people makes them important: the farm population constitutes approximately 17 per cent of the nation's population.

Thus, the problems of farmers concern everyone who is interested in obtaining an abundance of food and who is concerned with the future quality of the people of the United States. And since the farming enterprise is so closely connected with other aspects of society, the Farm Problem has become the concern of society as a whole.

MAJOR AGRICULTURAL PROBLEMS

Although we speak of *the Farm Problem*, in reality there are several major problems of agriculture as an economic industry contributing to the Farm Problem.

Difficulty of Adjustment of the Farm Enterprise

In its operations as a business enterprise, the farm by its very nature cannot be adjusted as readily to changing economic conditions as can many other types of business enterprise.

DIFFICULTY OF RESPONDING TO ECONOMIC FORCES Conditions under which farmers operate vary so widely that it is difficult for farmers to respond to the economic forces that affect their business interests in such a way as to adjust their enterprises to changing circumstances. Several reasons account for these conditions. First, the average farm in the United States is a relatively small enterprise—by mid-twentieth century there were about 5½ million farms and the average acreage was 215 acres. Second, since these farms are located in every county in the agricultural areas of the country, soil and climate vary widely. A farmer with soil that is better adapted to wheat production than to the production of any other crop will hesitate to reduce wheat production even though the market for wheat may be limited. Climatic conditions also may make it undesirable for a farmer to change his type of production, even though such a change may be desirable economically. Third, many farmers are equipped to grow certain products, and a transfer to other crops or a change in the type of livestock enterprise may require that existing equipment be discarded and new equipment purchased. Fourth, conditions may encourage a particular farmer to increase production of a product at a time when the total production of that product should be reduced if prices are to be maintained.

As an example of increased production of a commodity when the economic situation indicated a need for decreased production, the action of wheat growers in the Western Plains area may be cited. They expanded their production during the years immediately following World War I, even though prices declined during those years. Improvements in production methods, the widespread adoption of the combined harvester-thresher, and the increased demand for wheat of high-protein content encouraged Western farmers to expand operations. Thousands of acres of native grass were plowed up and seeded to wheat. To these farmers, conditions at the time seemed favorable for expansion of production, though from a long-time viewpoint, their enterprises contributed to problems of overproduction and unprofitable land use.

THE FAMILY NATURE OF THE FARM ENTERPRISE The typical farm in the United States is both a business and a home, and therefore the entire family is concerned with farming. Because the farm usually is both a business and a home, changes in the production of farm products are considered in relation to their effect on farm family life. Many farmers refrain from certain types of livestock enterprise because the care of the livestock would interfere with activities in which members of the family wish to participate. For example, even though dairying offers economic opportunities for some farmers, they do not enter the dairy industry because it would increase the work of the farm women or would interfere with the vacation trip the family takes each year, or for other reasons.

In contrast with the situation in many other industries, the families of farm operators furnish most of the labor needed. According to the 1945 agricultural census, about a third of the farmers in the United States spent an average of only \$665 per farm for outside labor. Increased mechanization of farms and increased cost of labor caused a decline of use of labor other than family labor on farms during and since World War II. For those farmers who hire outside labor, the trend is toward hiring for certain jobs, such as combining, plowing, and husking corn, to be done by contract with someone who owns equipment and specializes in these types of work.

In times of general unemployment, the family characteristic of farm labor is apparent. Production cannot be reduced as it can in factories and other business establishments operating almost entirely with hired laborers. Many of these laborers may be discharged within a few days and the cost of labor to the management materially reduced. In agriculture, people keep working, even though many are underemployed in the sense that the value of their efforts is very low, and production of farm products tends to continue at a relatively constant rate.

The data in Table 1 indicate the difficulty of agriculture to reduce production as prices decline. From 1929 to the spring of 1933, the production of agricultural commodities decreased only 6 per cent, whereas prices declined 63 per cent. In other industries, where laborers could be dismissed, production was adjusted and prices were kept at a higher level. In this relatively short period of time, though the degree of adjustment varied with different types of enterprise, agriculture adjusted itself the least. From a long-time point of view, maintenance of agricultural production in periods of

Table 1. Relation of Price Drop and Production Drop for Ten Major Industries from 1929 to the Spring of 1933

INDUSTRIES	PER CENT DROP IN PRICES	PER CENT DROP IN PRODUCTION
Agricultural implements	6	80
Motor vehicles	16	80
Cement	18	65
Iron and steel	20	63
Auto tires	33	70
Textile products	45	30
Food products	49	14
Leather	50	20
Petroleum	56	20
Agricultural commodities	63	6

Source: Adapted from *Senate Document No. 13*, Seventy-fourth Congress, First Session, p. 8.

falling prices is considered socially desirable, because it means that the necessities of life are supplied. At the same time, a desirable social goal is to maintain industrial production during such periods, thereby preventing widespread unemployment and maintaining the standard of living.

Agricultural Surplus

One of the major problems of long standing with which farmers in the United States have been faced is agricultural surplus. At times the surplus problem has been acute; at times it has existed only in certain types of farm production; and at times it has been a problem in all types of farm production. An agricultural surplus is that quantity of agricultural products not salable at prices high enough to bring returns on productive resources comparable to those on similar resources in nonagricultural production. Considered in this sense, an agricultural surplus does not necessarily mean that more products are produced than the people of this nation can use. It does mean that there are more products than the people can buy at a price that will bring the farmer a reasonable return.

Several conditions may contribute to the existence of agricultural surpluses. Among these are (1) a larger crop than usual, the result of unusually favorable growing conditions, use of improved methods of production, or planting of large acreages; (2) a decline in the use of certain products, resulting from such things as changes in the dietary habits of a large number of people, a vogue for certain

wearing apparel, or loss of foreign markets; and (3) a decline in general purchasing power during an economic depression.¹ Agricultural economists point out that since the surpluses of farm products are partly market, not consumer, surpluses, they exist mainly because of the lack of purchasing power. They contend, therefore, that one way to attack the problem of surpluses is to increase the purchasing power of low-income, city consumers.

Resource Allocation

Closely related to the problem of agricultural surplus is the problem of resource allocation—that is, directing the resources of production (land, capital, labor) in such a way as to bring the most profitable return to the producer. At the same time that some agricultural economists attack the problem of surpluses from the point of view of purchasing power, others maintain that the fundamental problem is that of bringing the resources used in agricultural production into equilibrium. They contend, that is, that, so long as there is a surplus of the resources used to produce agricultural commodities, a surplus of agricultural products will result.

The comparative value of the resources necessary for production—land, capital, labor—is evidenced by the fact that in the mid-twentieth century a dollar of net farm income was distributed roughly as follows: land rent, 32.5 cents; interest on capital invested, 7.5 cents; and labor, 60 cents.² According to these data, labor, of course, is by far the most important resource in relation to cost.

An examination of these resources in agricultural production reveals that land is the main limiting factor. The total amount of arable land is limited, and, as stated above, the varying conditions of soil and climate make it difficult, if not impossible, to adjust production to economic forces or to change production to different types of farm products.

The application of capital to land, considered broadly, includes technological development, irrigation, drainage, clearing of land, and use of fertilizers; the foremost of these in expanding the supply of farm products is technology. During the last thirty years, improved technology has resulted in a marked increase in production

¹ U.S. Department of Agriculture, *Yearbook of Agriculture* ("Farmers in a Changing World"; Washington, D.C.: Government Printing Office, 1940), p. 330.

² James O. Bray, "The Resource Problem," *Farm Policy Forum*, XXXVIII (January 15, 1954), p. 15.

of agricultural commodities. For example, in 1948, 90 per cent more total crops per man-hour were produced than in 1910, and during the same time, farmers raised three and one-half times as much wheat, two and one-fourth times as much corn, 75 per cent more cotton, and 30 per cent more hay per man-hour of labor.

Such remarkable improvements in the efficiency of production should be accompanied by a reduction in the quantity of resources used unless the demand for farm products increases at the same rate. But demand has not kept pace with production. For example, from 1940 to 1950, food production increased 26 per cent, whereas population increased only about 14 per cent. Considering the long-term trends in agricultural production, it would seem that the increased demand of a growing population can be met largely by improvements in technology and by capital investment in fertilizer, irrigation, and laborsaving equipment.

Because the total output of agricultural products depends on the quantities of land, equipment (capital), and labor resources used in production, the fundamental problem in the allocation of resources is to reduce the labor supply. Surplus labor has been moving out of agriculture for several decades, though not at a rate fast enough to decrease agricultural production to prevent piling up of agricultural surpluses. The percentage of the total labor force in the United States engaged in agriculture in 1900 was 37.5; in 1910, 31; in 1920, 27; in 1930, 21.4; in 1940, 17.6; and in 1948, 12.7.³

Although the percentage of the total labor force of the United States engaged in agriculture has steadily declined, production has increased. Improvements in farm technology are largely laborsaving in their effects. Thus, fewer farmers are able to farm more land and produce more products. This condition is indicated by the increase in the average size of farms from 157 acres in 1930 to 215 acres in 1950, and by the decrease in the number of farms from nearly 6.3 million in 1930 to about 5.4 million in 1950. The result is a surplus of labor in relation to other resources.

It is estimated that the annual net increase of rural young people seeking employment, over and above farm retirements and deaths is from 400,000 to 600,000 a year. In addition, estimates indicate that two million persons now engaged in agriculture could be released for the production of other goods. The basic problem, therefore, in

³ Bureau of the Census, *Historical Statistics of the United States, 1789-1945* (Washington, D.C.: Government Printing Office, 1949), p. 63; Bureau of the Census, *Annual Report on the Labor Force, 1948* (Washington, D.C.: Government Printing Office, 1949), p. 1.

the allocation of agricultural resources is to bring into balance the supply of these resources, and the main aspect of the problem is to reallocate a large portion of the farm labor forces.

Price Fluctuations

Another difficult problem for farmers in the United States has been their lack of control over the supply of agricultural products and the resultant fluctuating prices for these products. The length of time between the planning for the production of a commodity and its marketing makes it difficult for farm operators to determine the extent of the demand for which they produce. An example of this is the well-known "hog cycle." If the price of pork is high, farmers raise more pigs. But by the time these hogs are ready for market, a surplus may exist and prices may have fallen. Then the farmers may raise fewer pigs, only to find later that they have few hogs to sell on a market short in supply and high in price.

Time is not the only factor. Uncertainties of weather, disease, and insect infestation also influence prices and the over-all plans of farmers. The seasonal nature of production and marketing is a contributing cause to the short-range price fluctuations of agricultural products. Most farm enterprises have one or more periods of heavy marketing during a production year. For example, the supply of wheat that must be marketed is large at the time of harvest, a condition which results in part from a lack of farm storage facilities. In recent years, because of the government loan and storage program, a second period of heavy marketing has developed between January 1 and June 1 whenever the previous crop has been large. Similar patterns of production and marketing exist for practically all other agricultural enterprises.

Fluctuation in the prices of agricultural products as compared with that in the prices of goods and services bought by farmers may be indicated by contrasting the situation during World War I with that of the depression of the 1930's. The usual standard of comparison is the period of 1909 to 1914 as the base period, since during that time the purchasing power of farmers was comparable to that of other groups in the United States. The base period is designated as 100 per cent, which figure is used to indicate that the prices farmers received and the prices they paid were equalized.

In 1917, the prices of farm products were 117 per cent of the prices paid for machinery, supplies, and so on. In other words, farmers enjoyed a condition of favorable purchasing power, as com-

pared with the base period. In 1932, however, farm prices were only 61 per cent of prices paid—that is, farmers experienced a condition of unfavorable purchasing power.

This contrast is indicative of general trends in the farm economy. In times of inflation, such as World War I, farm prices lead the advance in prices. But they also lead other commodities in price declines during periods of deflation. We may illustrate the fluidity of farm prices further by pointing out that during the period from 1930 to the present, wheat has ranged from approximately 25 cents to \$3.00 a bushel. Prices of other agricultural products followed a similar, though less drastic, pattern.

Another uncertainty in the price picture for farm commodities is varying export demand. Such conditions in foreign countries as favorable or adverse weather conditions and internal strife will increase or decrease the demand for farm products of the United States. International war also influences the demand for American farm products. During World War I and World War II, foreign demand for agricultural products was greater than in prewar periods. This demand was not maintained after World War I, but after World War II the foreign economic aid program of the United States maintained export to other countries of our farm products. The exportation of farm products decreased, however, as economic aid to foreign countries was reduced and as those countries were able to rebuild their own production of farm products. In the long run, the quantity of goods going to other countries will depend largely upon the comparative advantages in production and the willingness of the people of the United States and foreign countries to trade.

Marketing

The sale of crops is the farmer's most visible problem; "cash-crop" farmers are always concerned about marketing their products. From an economic point of view, the over-all demand for agricultural products is relatively stable—that is, the total demand in the country does not fluctuate to any large extent. The demand for certain products, however, may vary considerably, being affected by long-time trends and conditions.

One of these trends is the growth of population. In past periods of agricultural depression, time has helped solve the problem of agricultural surpluses, since the population was increasing. The population of the United States until recently had been doubling

every twenty-five years. Though still mounting, it is no longer increasing so rapidly. At present, population increases of sufficient size to absorb all the products that farmers are capable of producing do not seem probable. Furthermore, the smaller-sized family has brought about certain changes in markets. For example, smaller cuts of beef are more desirable for small families, and to meet this demand, the lightweight steer and baby beef have to a large extent replaced the heavy steer of thirty or forty years ago.

With the development of urbanization in the United States, the living habits of the people have changed. More people work in offices and fewer at manual labor. This change accounts in part for the reduced demand for carbohydrates, such as potatoes and bread. Our consumption of wheat as a human food has declined during the last thirty or forty years from a little more than five bushels per capita to about three bushels. City-dwellers want more sugar and milk and greater amounts of fruits and vegetables. Because of modern methods of heating, city workers wear less clothing than was worn by their forefathers, a fact which affects the market for such agricultural products as wool, cotton, and flax. The popularity of synthetic materials, such as rayon and nylon, also has brought about a decline in the demand for woolen and cotton materials. These changes help to explain the great increase in market gardening and dairying and the decline in the domestic demand for wheat, potatoes, cotton, and wool.

As a result of the change from horsepower to motor-power in the cities, the market for horses and mules, and for the hay, corn, and oats used in feeding them, has been reduced drastically. Approximately fifty million acres of land were made available for other types of production when farmers stopped large-scale production of feed for work animals. Naturally, the farmers themselves are using the tractor, the truck, and the automobile, and as a result a new item, gasoline, has been added to their costs. No longer do the farmers produce the "fuel" for most of their power.

Another marketing problem for the farmers arises out of the world market situation. As noted above, the foreign-aid programs created a large demand for farm products, and the future foreign market is uncertain. Many nations of the world are hoping for national self-sufficiency, which would mean less demand for farm products from the United States. Already some nations that furnished markets for United States products during and immediately after World War II are producing again for the world markets and therefore are offering competition. Other nations which still need

United States products do not have sufficient purchasing power to buy them.

Farm Indebtedness

Farm indebtedness as a major farm problem is caused largely by the heavy investment called for in acquiring farm real estate and equipment. Because of the preference in the United States for the family farm and individual owner-operators, most farmers must borrow a sizable portion of the purchase price of land. In contrast,

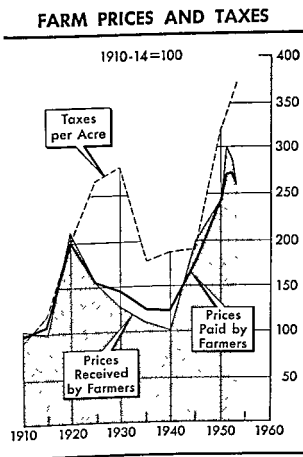


Figure 26

many investors in other business enterprises purchase shares of stock one or two at a time. Thus, many businesses are financed by the savings of a large number of people, with additional capital raised by the sale of bonds. Farm-mortgage indebtedness constitutes by far the largest share of total farm debts. In many cases, however, chattel loans and store bills add to the farmer's debt burden.

Farm indebtedness was more widespread in the 1920's and 1930's than it has been in the 1950's. Farmers borrowed heavily during the years of World War I to expand production, to improve their property, and to purchase additional land. They were encouraged to expand and improve their holdings by the greater demand and higher prices for agricultural products. The price levels, however, did not remain high long enough for the farmers to liquidate their debts. Following the war, they were faced with loss of markets, declining prices, decreases in the value of land, and relatively high prices of materials that they had to buy. They often borrowed more money to meet interest payments and taxes. By 1930, the total farm-mortgage debt in the United States amounted to about 40 per cent of the total farm-property value, as compared with about 25 per cent in the prewar years. Many farmers lost their farms during this period: approximately 2½ million farms were lost through foreclosure or similar processes during the 1920's and 1930's. Other farmers exploited the land in an attempt to produce more, and thus meet their financial obligations.

In recent years, the increased demand and high prices for farm products, improved techniques, and government subsidies all have contributed to increase farm income from \$6.4 billion in 1940 to more than \$17 billion in 1950. As a result of rising income, most farmers have been able to improve their financial positions. By 1945, farm-mortgage indebtedness was cut to half the amount in 1930. During and since World War II, farmers, remembering their unfortunate experiences of the 1930's, generally have followed policies of conservative investment and debt retirement.

Soil Conservation

Farmers are now more aware of the relationship between soil conservation and the problem of farm income. They are also generally in better financial condition to develop conservation practices. As a result, they have concentrated on this major agricultural problem in recent years. Soil depletion is the result of the removal of the elements of fertility by crops, the breakup of the soil structure by harmful methods of cultivation, and the loss of soil through erosion by wind and water. The problem is not merely to remedy a bad soil condition but also to check forces that continue wastefully and needlessly to devastate the soil.

Soil erosion is the most easily recognized and the most serious and damaging of the soil-depleting forces. Deepening gullies and dust storms have focused public attention on the erosion problem.

Surveys indicate that some 50 million acres of land that once were productive have been ruined for further cultivation, and another 50 million have been damaged seriously. An additional 200 million acres have been damaged to a lesser extent. Indeed, erosion is a serious problem on more than half of the cultivated land in the United States.

The maintenance or increase of crop yields in the face of declining soil productivity means high costs of production for many farmers. The use of commercial fertilizer in the last fifty years is one way in which much money has been spent. An effect of high costs is that thousands of farmers have been forced below the margin of profitable operation and have had to abandon their farms. Changes in farming practices to check erosion are advocated by soil conservationists. But limited capital, inadequate equipment, the shortage of commercial fertilizer at low prices, and types of tenure relations which discourage soil improvement are only some of the obstacles that make soil conservation a difficult problem for the individual farmer.

SOCIAL RECOGNITION OF AGRICULTURAL PROBLEMS

Agriculture has been recognized as an integral part of the economy of the United States from the time of national independence. Although farming has been a highly individualistic enterprise, the fact that agriculture provides the food and fiber for everyone makes it a concern of society in general. As the above discussion indicates, the farmer operates under a number of rather severe disadvantages. This situation has resulted in assistance, prompted often by farmers' organizations, by both State and national governments. In giving assistance, the national government has formulated policies and implemented programs sweeping in their extent.

Early Steps

At the time the colonies became independent, the only organized effort to improve agricultural conditions was carried on by "agricultural societies." These societies were partially responsible for obtaining national recognition of agriculture. As early as 1778, unsuccessful attempts were made to establish a national Department of Agriculture or a Board of Agriculture. Not until 1862 did Congress take action by establishing a Department of Agriculture, at first without cabinet status. As mentioned before, under pressure

from the Grange and the Farmers' Alliance, the Department was given cabinet status in 1889. Congress has been generous in its appropriations for the support of the Department. Started with an annual appropriation of some thousands of dollars, the Department of Agriculture today is given hundreds of millions to carry on its operations.

Education and Research

The national government also has encouraged agricultural education and research. Formal resident instruction was granted financial assistance in 1862, when Congress passed the Morrill Act. By this Act, each State was given 30,000 acres of public land for each Senator and Representative of the State in Congress. The income from the sale and rent of this land was used for the establishment and maintenance of land-grant colleges. Additional funds were made available at later dates for the support of the teaching of agriculture, home-making, and allied subjects.

Agricultural experiment stations were established by some States as early as 1875, and a number of State agricultural colleges soon did the same. Representatives of these colleges, together with the National Grange, created nation-wide sentiment in favor of governmental support of agricultural experimentation and research. Congress responded in 1887 with passage of the Hatch Act, authorizing the establishment of experiment stations, usually in connection with the land-grant colleges. Subsequent aid was authorized by Congress in the form of appropriations designed to expand research of a technical nature and to provide for study of the social and economic problems of the farmer.

Beginning in the early part of the present century, the Department of Agriculture began to work directly with the farmers in some aspects of farming. The success of these efforts led to provision, in the Smith-Lever Act of 1914, for an extension service. Since that time, the results of research have been carried directly to the farmers by county agents, home demonstration agents, specialists in farm activity, and 4-H leaders. The farmer and his family are aided in meeting their problems, whether of soil erosion, livestock care and breeding, or household activities, and in organizing club programs and scores of other farm activities.

Credit

As has been pointed out, financing agriculture in the United States involves extensive use of credit. In the past, many farmers

had difficulty in obtaining loans, for which they often had to pay exorbitant rates of interest. Commercial banks and lending agencies hesitated to extend loans to farmers even for small amounts. The slow rate of turnover in agricultural production makes a long-time loan necessary, and the regular credit agencies are not always in a position to grant such loans.

More and easier credit is not necessarily a solution of the farmer's financial problems. In fact, easy credit may encourage farmers to become involved heavily in debt, without solving the fundamental problem of increasing their net income. But by intelligent use of credit, some farmers may expand and improve their farm production.

Beginning in 1916, the national government initiated a special banking system designed exclusively for farmers. Under this system, loans are made on liberal terms and at relatively low rates of interest; and they may be retired by annual payments spread over many years. Farmers may borrow to pay for land, buy buildings and equipment, purchase fertilizer, and finance marketing co-operatives. By obtaining loans, a farmer also may hold his harvested crops out of the market until prices are favorable.

In 1933, in order to increase administrative efficiency, the various farm-credit agencies of the national government were consolidated in the Farm Credit Administration. Under this Administration, the country is divided into twelve farm-credit districts. In each district there is (1) a Federal Land Bank, which makes long-term mortgage loans; (2) a Production Credit Corporation, which supervises the production credit associations making short-term loans; (3) a Federal Intermediate Credit Bank, which serves as a dependable source of funds for backing financial institutions which make short- and intermediate-term loans; and (4) a bank for co-operatives, which extends credit to farmers' co-operative associations.⁴

Marketing

CO-OPERATIVE EFFORTS Advantageous marketing of crops and livestock has been one of the most difficult problems for farmers. Until comparatively recent times, the farmer did his own marketing. His individual efforts did not bring desirable results, since he had no influence over competitive market conditions under which he sold his products. Realizing his inability to cope with marketing problems, the farmer turned to organized efforts. One of the earliest attempts of this sort was the co-operative association. After a slow

⁴ *Yearbook of Agriculture*, 1940, p. 745.

start, farmers' co-operative associations were organized in every State. In these associations, groups of farmers operate their own creameries, cheese factories, grain elevators, shipping associations, packing plants, and sales agencies. These enterprises function for the mutual benefit of their members as producers, not as stockholders. Members receive benefits in the form of patronage dividends and only a fixed rate of return on their financial investment in the enterprises.

The national and State governments have encouraged co-operatives by special incorporation laws, exemption from certain taxes, loans, and advice and assistance through research and educational facilities. Co-operatives themselves serve as educational institutions. Through them, farmers have learned something of the numerous forces and factors that affect agricultural economy. Co-operatives have also distributed information relating to national and State agricultural programs and have assisted in planning and executing these programs.

GOVERNMENTAL EFFORTS Although co-operative associations have provided some aid to the farmer in marketing his products, they have been limited in their scope and unable to meet national emergencies. Though the national government recognized the farmer's disadvantages in marketing operations, it provided no comprehensive plan to aid him until the agricultural depression of the 1920's. The American Farm Bureau Federation, together with other farm groups, brought pressure to bear upon the government to do something for the farmer, pressure which finally was successful in the last part of the decade.

In the presidential election of 1928, the farmers were promised government aid in meeting their problems. Such aid was forthcoming in the Agricultural Marketing Act of 1929. Under this Act, a Federal Farm Board was created to help control surpluses and to encourage the co-operative marketing of farm products. Suggestions were given to farmers about reducing production to prevent further surpluses, but no power was provided to enforce these suggestions. Efforts were made to stabilize farm prices by government purchases of commodities. But this move gave only temporary relief; the prices again fell as soon as the Board stopped its purchases, and declined still further with the worsening of the depression in the early 1930's. A surplus of farm commodities continued to be "surplus," whether it was held by the farmers or by

taxing features of the 1933 Act were invalid. The Court declared that agriculture was a matter of local concern—that it was under the authority of the State and beyond the reach of the national power. The Court ruled further that the method of financing, the processing tax, was not a tax but an assessment on one part of the economy to benefit another. The Court's decision, however, did not affect certain other activities of the Triple A program, such as marketing agreements and benefit-payments.

The decision of the Supreme Court caused mixed reactions among farmers. A large segment of the farming population, whose opinions were reflected in national farmers' organizations, were of the opinion that the reasoning of the Court was not sound and that Congress should try again to provide a program that would meet the test of constitutionality. In response to this sentiment, Congress in February, 1936, enacted the Soil Conservation and Domestic Allotment Act, dropping the processing tax to which the Court had objected and substituting benefit-payments to farmers by direct appropriation. The basis of financial payments was shifted from production control to soil conservation. Farmers were to be paid for reducing their acreage planted with soil-depleting crops, such as wheat, cotton, corn, and tobacco, and planting soil-building crops, such as legumes and green-manure crops. Farmers participating in the program were required to follow improved methods of farming.

In the meantime, the increased social recognition of adverse farm conditions was indicated by the national government's actions on other aspects of the agricultural situation. In 1933, the Soil Conservation Service was established to encourage the conservation of soil resources by demonstration, education, and assistance to the farmers in many other ways. Among the major activities of the Service were large-scale projects in irrigation and drainage, and the conservation program in the dust bowl area.

The necessity of aiding needy city dwellers who desired to settle on farms was recognized in 1935 by the creation of the Rural Resettlement Administration. Demonstration units, known as "green-belt towns," were laid out close to Washington, D.C., Cincinnati, and Milwaukee. Each town accommodated from 500 to 800 families. Later, the Resettlement Administration was absorbed into the Farm Security Administration, which expanded its work by dealing with other types of farm relief. Farm people who needed direct relief were aided, as were those who needed credit but whose security was inadequate to obtain loans through the usual lending agencies. Low-

income farmers were enabled to purchase farms under a tenant-purchase program. Rural housing came in for consideration, as did the problem of moving farmers from submarginal to more productive land. In 1946, the work of the Farm Security Administration was taken over by the Farmers' Home Administration. The various types of aid provided through these agencies have helped many low-income farm families to self-sufficiency, higher living standards, and more orderly management of farm operations.

The need for modernization of the farm was met in part by the establishment of the Rural Electrification Administration (REA) in 1935. Commercial distributors of electricity had not considered it profitable to extend their lines to farms; it was therefore impossible for farmers to obtain light and power from central stations, and nine out of ten farms did not have electricity. The REA offers low-interest loans to States, municipalities, and co-operatives for the purpose of extending power lines to rural homes. In addition, funds are made available for the construction and operation of generating plants. Such loans are made on a maximum thirty-five-year amortization basis. Supplementary loans also are made to borrowers for relending to consumers to finance the wiring of premises and the acquisition of electrical equipment. Actually, most of the loans have been made to co-operatives.

Under the stimulus of the REA, the number of farm homes obtaining electric light and power from central power plants has increased considerably. Before the program started, only about 4 per cent of farm homes were connected with central stations, and only 10 per cent had electricity. In the first fourteen years of the existence of the REA (to June 30, 1949), the number of rural consumers of electricity had increased from 225,000 to 2,778,180. This latter figure represented about 78 per cent of all farm homes.

An Over-all Plan for Agriculture

The means of controlling production and increasing farm income under the Soil Conservation and Domestic Allotment Act of 1936 were a makeshift arrangement to take the place of the invalidated features of the Triple A. The indirect method of restricting production proved to be ineffective, and bumper crops and a price recession in 1937 resulted in an increased accumulation of farm surpluses. Congress then went further, enacting into a law a comprehensive farm program—the Agricultural Adjustment Act of 1938

This Act did not change the fundamental policy of dealing with

the Farm Problem, but it provided different methods of implementation. The policy was extended to cover to a greater degree than formerly the aspects of agriculture in the national economy. As an over-all plan, it is the foundation of today's farm program.

The question that the program sought to answer was: How is equality for agriculture to be achieved in a free-enterprise economy? The government's answer to this question is contained in the five parts that make up the farm program.

CONTROL OF PRODUCTION Regulation of production is carried on as under the first Triple A. National acreage allotments are set up for wheat, corn, cotton, and other essential but soil-exhausting crops at levels sufficient for domestic use, export, and reserves. Local committees in the counties of the agricultural area determine the acreage allotment of each farmer. At the same time, payments are continued to those who co-operate in the soil-conservation program.

PAYMENTS TO FARMERS Farmers are not expected to agree to curtail production without some recompense. The first Triple A had provided revenue for such payments from the processing tax. Under the 1938 program, payments are made from direct congressional appropriation, with various ways of calculation for different crops. A common formula, however, one designed to cover all calculations, is known as parity; hence, the payments to farmers commonly are referred to as parity payments. A parity price is a price for the farmer's product that will give it an exchange value for the things the farmer buys equivalent to that in a specified base period. The base period that has been used as "par" has been the five years 1909-1914. For example, if a farmer received enough money from the sale of a hundred bushels of wheat in 1909-1914 to buy a new fur coat for his wife or a new farm implement, then the amount of money received today for a hundred bushels of wheat should enable him to buy a comparable fur coat or farm implement. Parity payments are tied in with production controls, because no farmer is eligible to receive payments unless he co-operates in the acreage-reduction program.

MARKETING QUOTAS Closely associated with parity payments and production controls is the system of marketing quotas. If the Secretary of Agriculture finds that supplies are so high that they exceed a so-called "reserve supply," he calls for a referendum by which

producers of a particular crop are given the opportunity to vote on marketing quotas. For example, if the surplus of wheat from the coming crop is expected to exceed the "reserve supply," the wheat farmers vote on whether or not they want marketing quotas established. If two-thirds of the wheat farmers participating in the referendum favor such a program, a quota is set for each farm based on average production records for that farm, and no farmer, whether or not he had voted for quotas, is to market more wheat than his determined quota. Should a farmer market more wheat than he is allowed under his quota, a penalty is imposed in the form of a considerable reduction in the price received for each bushel of wheat sold in excess of his quota.

PRICE SUPPORTS Marketing quotas, with their penalties, and controlled production, with its parity payments, are designed to reduce the supply of farm products. If these devices are insufficient, other means are provided for dealing with surpluses and for supporting prices of farm products. One is governmental loans on agricultural commodities. The Commodity Credit Corporation (CCC) is the agency designed to carry out this function. The CCC had been created in 1933 with an authorized capital of \$100 million. Under the Triple A of 1938, it was authorized to make loans not to exceed \$4.75 billion. Since 1938, the lending power has been increased four times—in 1949 to \$6.75 billion; in March, 1954, to \$8.5 billion; in August, 1954, to \$10 billion; and in August, 1955, to \$12 billion.

To support farm prices, the CCC makes loans available to farmers who co-operate in the production and marketing programs. Such loans are made in any market year in which the price of any farm commodity drops below a certain percentage of the parity price or when the year's supply is estimated to be in excess of normal domestic consumption and exports. The loans are made in an amount up to a certain percentage of the parity price of each commodity. These advances are referred to as "nonrecourse loans." In the event that the market price of the loan commodity advances above the loan rate plus the cost of the loan, the farmer has the privilege of selling the commodity and paying the loan. If, on the other hand, the market price remains below the loan price, the farmer may let the loan lapse and notify the Corporation to take his stored crop.

The farm-crop loan program is designed not only to support farm prices but also to meet the problem of surpluses. In obtaining a

loan, the farmer stores his commodity to keep it off the market, thereby reducing the market supply; in time, this should result in a higher price. Furthermore, the surpluses from high production years are not to be dumped recklessly on the market or destroyed, but are stored against a day of shortage. In this way, it is maintained, the nation will have an "ever-normal granary"; that is, it will store up in the good years to ration out in the bad. In addition, surpluses of certain nonbasic commodities, such as fruits, vegetables, and some dairy and poultry products, are purchased in the market by the government and are distributed to school lunch programs and to charitable institutions, or put into export channels as aid to foreign countries, or stored in government warehouses. Government subsidies are also used to encourage exports of surplus commodities. Supporters of this program maintain that the farmers should be helped to capture their "fair share" of the foreign markets. Opponents maintain that export subsidies are economically unsound.

CROP INSURANCE The Federal Crop Insurance Corporation was established by the Triple A of 1938 with a capitalization of \$100 million. At first, only wheat crops were insured, but later cotton and flax crops were included in the program. Since World War II, insurance has been extended in a limited degree to some other crops. The Corporation is authorized to provide insurance against loss in yield due to unavoidable weather hazards.

INCENTIVE PRODUCTION AND POSTWAR ADJUSTMENTS

During the early part of World War II, farm prices, as well as prices of all other goods and services, began to climb rapidly. The general price-control program of the government, however, slowed the rise in prices, and the farm bloc in Congress jealously watched farm price controls to see that the farmer obtained his share of the growing prosperity. Instead of curtailing production, the policy of the government and farm leaders encouraged farmers to expand production in order to supply food and fiber to the democracies in their struggle against totalitarianism. In general, production controls were temporarily abandoned, and as an incentive for increased production, the price-support program was given a boost in 1941 by the passage of the "Steagall Amendment." Under this law, the support price on most farm commodities was to be not less than 90

per cent of the parity price, instead of the former 60 to 85 per cent. This law was a war-emergency measure, to lapse automatically two years after the President or Congress declared an end to the war-emergency period. Under the "Steagall Amendment," production controls and marketing quotas were not in effect, and the parity-payments formula and price-support program were used as incentives to expand production of farm products.

By reason of the fact that President Harry Truman, by proclamation, ended the World War II emergency period on December 31, 1946, the "Steagall Amendment" was due to expire at the end of 1948. Congress then had to decide whether the program of the Triple A of 1938 would be restored automatically or a different one inaugurated.

A new law, the Agricultural Act of 1948, was enacted, but it did not change most of the fundamental features of the Triple A. Acreage allotments, conservation payments, marketing quotas, and crop-loans were continued. The price-support feature based upon parity payments, however, was dealt with at some length. The law continued the "Steagall Amendment" (90 per cent of parity) for 1949 but provided for flexible price supports, to maintain a range of 60 to 90 per cent of parity, for 1950 and succeeding years. The law changed the parity formula by requiring that after January 1, 1950, prices received by farmers during the ten years immediately preceding the crop year (referred to as modernized parity) be taken into consideration.

The price-support provision of the 1948 Act did not go into effect because in 1949 Congress passed a new law which continued the principle of flexible price supports but postponed their going into effect until 1951. The 1949 law stated that for the ensuing four-year period the parity price of any basic agricultural commodity could not be less than its parity price computed in the manner used before the law went into effect—that is, on the basis of using the formula for the base period of 1909 to 1914. This plan of two procedures for computing parity prices, usually referred to as "dual parity," was in effect through 1953. Since the parity price computed on the 1909-1914 base period formula was higher than that computed on the ten-year period formula, the latter was rarely used to establish parity prices.

The provisions of the law of 1949 also direct the Secretary of Agriculture to announce, insofar as feasible, the level of support prices for field crops in advance of the planting season and for other

farm products at the beginning of the marketing season. Once announced, these prices are not to be reduced during the period to which they apply. In order to make calculated support prices effective, the borrowing power of the CCC was expanded from \$4.75 billion to \$6.75 billion (increased in 1955 to \$12 billion).

Further changes in the parity price program were made in July, 1952, when Congress eliminated the flexible supports for six basic crops—cotton, wheat, corn, rice, tobacco, and peanuts—and provided that prices of these crops be supported at 90 per cent of parity during 1953 and 1954. Thus rigid price supports were re-established for these farm products. When Congress considered the extension of price supports in 1954, a basic issue was that of continuing rigid supports or providing some plan of flexible supports. The Eisenhower administration advocated flexible supports within the range of 75 to 90 per cent of parity, but strong opposition in Congress resulted in a compromise provision. The compromise plan provided for wheat, corn, rice, cotton, and peanuts to be supported at 82½ to 90 per cent of parity in 1955 and at 75 to 90 per cent thereafter, and tobacco at 90 per cent under a special program. (Congress may, of course, re-establish rigid price supports at any time.) The determination of parity prices under the "dual parity" system was continued until January 1, 1956, when a transition was started to implement modernized parity—that is, a downward adjustment not exceeding 5 per cent each year until parity prices reach the formula based on the ten-year period immediately preceding the crop year.

At the same time that changes were being made in the price support program, production controls were restored. For a time after World War II, the high demand for farm products continued, chiefly because of the heavy purchases by the government to carry out the foreign-aid programs. Nevertheless, by 1950 the surplus of some farm products, particularly wheat, became so large that acreage controls were announced for the 1951 crop. This announcement was revoked after the outbreak of the Korean War, however, and unrestricted production of wheat continued until 1953. The bumper crop of 1952 resulted in a large surplus, and the 1953 crop was larger than anticipated. Therefore, acreage allotments were announced by the Secretary of Agriculture for the fall planting of 1953, and according to the existing law, acreage was to be reduced from about 78 million to about 55 million acres. Congress, however, by special act set the wheat acreage for the 1954 crop at 62 million acres. The wheat farmers of the nation voted the necessary two-thirds majority for market-

ing quotas, and for the first time since 1942, wheat production and marketing restrictions were in effect. Because the special act of Congress applied only to the 1954 crop and because the wheat crop of 1954 was large, the Secretary of Agriculture ordered a further acreage reduction of 13 per cent for the crop of 1955, reducing acreage to 55 million acres which is the minimum established by law. The total reduction of wheat acreage for the two years, 1954 and 1955, thus amounted to more than 30 per cent.

In the administration of the farm program, the Agricultural Adjustment Administration (AAA) supervised the various aspects of the program by regional arrangements. Difficulties were encountered in implementing the general national program through the regional offices, with the result that the AAA was replaced by the Production and Marketing Administration (PMA) in 1945. The regional arrangements were discontinued, and various offices, research services, functional branches, commodity branches, the CCC, and the Federal Crop Insurance Corporation (FCIC) were centralized administratively under the PMA, which was directly responsible to the Secretary of Agriculture.

Further changes in administration occurred in 1953 when the administrative structure of the Department of Agriculture was reorganized. The PMA was discontinued, and most of its functions were placed in a newly created service agency—Agricultural Stabilization—headed by an Assistant Secretary of Agriculture. Included in this agency are the CCC, FCIC, and Commodity Stabilization Service (CSS), under which the Community, County, and State Agricultural Stabilization and Conservation Committees operate. The Committees carry out many of the functions of the former PMA, and the remainder of its former functions, such as marketing services and research, have been transferred to other service agencies of the Department of Agriculture.

SUMMARY

The Farm Problem—the condition of the farm population in relation to society as a whole—has been given increased attention during the last few decades. Agriculture supplies most of the food and fiber for the American people, and the farm group is an important source of population of the cities. Furthermore, the farmers make up about 17 per cent of the total population; their very number makes them an important part of society.

The Farm Problem has many aspects, each of which constitutes a major problem of agriculture as an economic industry. Some of these problems grow out of the very nature of agriculture. The 5½ million farms are widely scattered throughout the nation, and soil and climatic conditions vary widely among the different farming areas of the country. Too, the typical farm is both a business and a home, and the management of the business aspects of farming is influenced by its effect upon farm family life. The family group also supplies most of the farm labor, so that the labor supply cannot be adjusted readily to meet changes in general economic conditions. All these characteristics make it difficult for agriculture to adjust to changing economic forces.

Many of the major problems of the farmer are caused by the competitive nature of buying and selling of farm products. The inability to adjust readily to economic and marketing conditions has been a primary cause of the problem of agricultural surpluses. Closely related to the problem of surpluses is that of the allocation of resources for agricultural production. The problem here is to reallocate the excess labor supply to bring the resources of production—land, capital, labor—more in balance, so that the farmers may receive a more profitable return on the use of resources. Selling on an open, competitive market has resulted in wide price fluctuations. Lack of control over marketing conditions has made it difficult for the farmer to sell his products at times of favorable prices. Because of heavy capital and land investment, the farmer has carried a heavy debt burden in bad times. Finally, the problem of soil depletion has been of concern not only to the farmer but also to society as a whole.

Farmers, like businessmen and laborers, organized to meet their problems when they learned from experience that they were unable to do so as individual enterprisers. Like businessmen and laborers, they have used pressure group tactics to procure adoption of favorable governmental policy.

At first, the national government promoted agriculture chiefly by sponsoring agricultural education and research and co-operative marketing. The agricultural depression of the 1920's and the general economic depression of the 1930's led to a crisis for agriculture. The government responded to the needs of the farm group by adopting a comprehensive policy to give agriculture equality in a free-enterprise system with other sectors of the American economy. Equality meant primarily purchasing power for the farmers equal to that of

other groups in society. To achieve this purpose, the program of the government provided for production controls, parity-price payments, marketing quotas, price supports, and crop insurance. By this plan of dealing with the major problems of the farmers, recognition was given to the Farm Problem as one affecting all of society.

The control features of the farm program were in effect for only a few years. The defense program of the nation and World War II changed some of the objectives of the farm policy from regulating and restricting production to providing incentives for farmers to expand production. The incentives were provided on the assumption that after World War II, controls would be restored. The high demand for farm products, however, continued for a few years after the end of the war. The heavy purchases of farm commodities by the government for exportation to foreign countries being given economic aid, as well as the Korean War, contributed to the continuance of the high-level production of agricultural products. By 1953, however, agricultural surpluses had accumulated to such an extent that production controls were restored for some farm crops.

The policy of the government toward the Farm Problem during the last thirty years reflects the concern of society and the importance placed upon agriculture as a part of the national economy. Moreover, the solicitous attitude of the government toward the farm population is an indication of the influence of the farmers as an interest group. Government officials have been willing to heed the wishes of the spokesmen for farmers, and much of the recent farm legislation has been formulated by farm leaders representing the American Farm Bureau Federation, the Farmers' Union, and the Grange.

Recent governmental policies toward business, labor, and agriculture illustrate the interrelationship of sectors of the economy. The maintenance of reasonably full employment in industry is recognized as essential for agricultural prosperity. When industrial laborers lose their jobs, their purchasing power is reduced and prices of farm products fall. Furthermore, many industrial workers come from the farms, and some of them return if they no longer have industrial employment. The result is an increased burden on farm income for the support of more people. If industrial workers return to farming as a business enterprise, production will increase at a time when surpluses already exist on the markets. Thus all parts of the economy are interrelated, and anything that is detrimental to one part sooner or later affects the others.

QUESTIONS

1. Why is it difficult for farmers to agree upon desirable policies in production?
2. How does the nature of farming affect the farm business?
3. What is an agricultural surplus? What conditions cause it?
4. Explain the relation between the problem of agricultural surplus and the problem of resource allocation in farm production.
5. Give evidence to show that prices of farm products fluctuate widely. Why are prices of farm products unstable?
6. How have changes in living conditions resulted in problems for farmers?
7. In what ways has society through governmental action recognized the problems of the farmers in agricultural education and research, credit facilities, and soil conservation?
8. Compare the methods of approach to problems of agriculture in the Agricultural Marketing Act of 1929 and the Agricultural Adjustment Act of 1933.
9. Explain the general purposes and features of the agricultural program provided in the Agricultural Adjustment Act of 1938.
10. In what respects was the Triple A program of 1938 modified by the Agricultural Act of 1949? By the Act of 1952? By the Act of 1954?

DISCUSSION

1. Contrast the business of agriculture with the business of manufacturing.
2. Should urban people be concerned about loss of soil fertility? Give reasons for your answer.
3. "Agriculture is *the* basic industry, since the food and fiber necessary for subsistence is provided by agricultural enterprises." Assuming this statement to be true, what arguments can you present for society to give the farmer a preferred position in the national economy? What arguments against?
4. The price-support policy of the farm program is sometimes compared to the protective-tariff policy of the national government. What are some similarities in and differences between these two policies?
5. Compare the policies of the national government affecting business, labor, and agriculture.

TERMS

Amortization: Liquidating or extinguishing an indebtedness by periodic payments to a creditor.

Dust bowl: An area in the southern Great Plains affected by drought conditions of the 1930's to such an extent that dust storms, abandoned farms, devastated crops, and homeless refugee people were common.

Farm bloc: A group in the United States Congress formed by members from the agricultural States, irrespective of party lines, to obtain agricultural legislation.

Margin of profitable production: The point at which the return from economic activity (in this chapter, farming) barely covers the cost of production, and below which production is unprofitable.

Submarginal land: Soil or land which does not produce an adequate return for reasonable existence or profits.

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25 THE CONSUMER

In the preceding chapters we have considered the interests of special groups that are important in carrying on the activities affecting man-in-society. Interrelated with all groups is the consumer, since man is a consumer of goods and services, as well as laborer, businessman, or farmer. Consumption is the end of most economic endeavor, and so in a sense the consumer is the promoter and determiner of production. Nevertheless, man traditionally has been more concerned with his role as producer than as consumer. Only in relatively recent times have people become conscious of their importance as consumers in the economic and social processes.

THE CONSUMER

The consumer is the person who uses goods and services for the satisfaction of his wants. In a complex society, few people produce directly many of the goods and services they use. On the other hand, most people produce more of some goods or services than they can use, and they depend upon others to use those goods or services. Doctors, lawyers, entertainers, clerks, salesmen, carpenters, barbers, and many others who render services for general consumption are as much producers as those producing food, clothing, automobiles, washing machines, and other goods of a material nature.

Since all people use some goods and services, they are all consumers. Most people are both producers and consumers. Usually a person tends to place greater emphasis on his role as a producer, because his interest is concentrated on the production of a few goods or services, or even on one. On the other hand, the consumer uses relatively small quantities of a wide variety of goods and services and therefore is less consciously concerned about consumption, his interest in it being diffused among many things.

Since consumption is the end of most economic endeavor, the consumer has a predominant role in the economic processes of the nation. Within limits, his demand determines the quantity and kind of production. In a way, he gives orders to all producers, these orders resulting, of course, from his purchases. If people are willing to spend a part of their incomes on a certain product, that product, as a rule, will be produced. When the demand for a product declines and cannot be revived by advertising or sales techniques, production is cut down and may stop entirely if the money returns to the producer are not sufficient to justify production. As we have explained in Chapter 12, the dollar is the vote; everyone who works and earns money has a certain number of expenditure votes. The consumer who buys a Maytag washing machine, or an RCA radio, or a cake of Ivory soap is voting economically for the production of that particular article.

In the present exchange economy, the problem of spending, or converting money into goods and services, is related closely to the problem of using goods and services. In fact, most of the problems facing the consumer today are related directly to the spending factor. Before the Civil War, in the preindustrial society of the United States, since the family produced much of its own food and clothing, depended upon home recreation for entertainment, and provided most of its own services, the spending factor in consumption was not a matter of great concern. With the coming of modern industrialization, however, the use of money became an important consideration.

Consumers' Wants

Consumers have a large variety of wants, some of which are more essential than others. People must have food, clothing, shelter, and certain other basic goods for their physical existence. At times medical service may be urgently necessary and therefore more important to the consumer than some other goods and services. Other wants stem from the desire to have a more pleasurable life or to gain personal satisfaction.

The wants of consumers change constantly. The social environment is responsible for some of this change—that is, consumers' wants may be stimulated by association with other people. People desire status or social respect, and one way of obtaining it is for them to use goods and services at least as expensive as those used by their associates. For example, Mrs. Smith may want a new make

of washing machine because Mrs. Jones has one, or she may want a baby sitter for Johnny because Mrs. Gray has one for her child. Because a fellow employee has an automobile, Mr. Smith may also want an automobile, not because he needs the transportation, but because he believes that his status will be affected if he does not maintain the same standard of living. Quite apart from competition for status, people as a rule want the latest fashion or style, not only in dress, but also in home decorations, food, automobiles, radios, services of all kinds, and almost anything else one can think of.

Wants may be created deliberately by the producer—for example, by advertising and salesmanship techniques. The want created may be for a tempting food, a new fabric, or a new tooth powder that is advertised attractively and appealingly. If the consumer had not seen the advertising, he would have had no knowledge of, or desire for, the good. Radio and television are important agencies in the creation of such induced wants today.

Consumers in the United States have a wide variety of goods and services from which to choose and a large degree of freedom in making their choices. In a free-enterprise economy, some goods may be held off the market by producers, but the consumers are almost completely free to select within the limits of their purchasing power from the goods on the market. There is no external compulsion to force any article or service on the individual buyer. Government has placed relatively few restrictions on the purchase of the materials and services available, and even these restrictions are mainly to protect consumers, not to limit their freedom of choice—for example, prohibition of the sale of liquor to minors, or the licensing of beauticians, barbers, doctors, dentists, lawyers, and pharmacists. Sales taxes, or excise taxes, when high, are in effect limitations on freedom of choice, especially for low-income consumers.

Hindrances to Wise Consumer Buying

LACK OF KNOWLEDGE ABOUT GOODS AND SERVICES The consumer no longer has any considerable knowledge of goods and services on the market. This lack of knowledge is caused in part by the decline of home production. In pioneer days, when families made many of the articles they used, they naturally had intimate knowledge of them. This knowledge gave them a standard by which they could select the articles they bought. Today, most consumers have had little personal experience upon which to base their selection. At the same time, an increasingly large variety of articles has been

practice is not new, but it has been used more and more with the increase of durable goods. During World War II, its use declined considerably because of governmental restrictions, the decline in the amount of durable goods on the market, and the larger money incomes available for purchasing. After the war, less stringent governmental regulation and higher prices brought on a wider use of the practice.

The seller retains the legal ownership of the article purchased by installment buying until he has received the full purchase price. If the buyer fails to make payments according to the contract of sale, the seller may repossess the article with no refund to the purchaser. The consumer loses the money he has paid before that time, though, of course, he has had the use of the article in the meanwhile. Even if the purchaser can meet his payments, he actually pays more for the product than the market price, because of the addition of a monthly service or interest charge. This interest charge sometimes is computed on the total purchase price of the product until the final payment is made.

The use of a product purchased on the installment plan may add to the enjoyment and convenience of the consumer. But the "easier terms," which generally mean a small or even no down payment and a long time in which to pay for the product, are not always beneficial to the consumer. In the long run, the over-all cost to him is probably increased. The practice may be disadvantageous to the consumption pattern of the family, since it may induce a tendency to economize in food, clothing, and recreation in order to pay for something actually beyond a sound family budget.

GOVERNMENTAL ACTIVITIES FOR CONSUMER WELFARE

The industrialization of the United States has led to a number of changes in society, two of which especially affect the consumer. First, the consumer is confronted by the problem of choosing from a wide variety of consumers' goods and services. Second, there is no longer a personal relationship between the producer and the consumer. Because of these two conditions, the principle of *caveat emptor* ("let the purchaser beware"), which was prevalent in pre-industrial times, is no longer sound. The individual consumer is no longer capable of self-protection, because it is impossible for him to have knowledge about many of the products and services he

must have. Furthermore, since he is far removed from the manufacture of goods, the consumer cannot know the conditions under which they are produced. He no longer has the benefit of the close cultural ties of a community society which at one time were effective, to a considerable extent, in protecting his welfare.

As industrialism in the United States expanded, the national, State, and city governments took measures to give the consumer protection. Some of the activities of government, especially at the national level, have aided the consumer only indirectly—for example, laws against monopoly and unfair trade practices. Only those activities that have more directly affected consumer welfare are discussed in this chapter, but the indirect activities also are helpful in protecting consumers' interests.

Service Agencies

The national government has established a number of service agencies for the promotion of consumer welfare. For example, the Bureau of Human Nutrition and Home Economics in the Department of Agriculture carries on research relating to the selection and use of consumers' goods, particularly foods and textiles. It provides information about the nutritive value of food products; balanced diets; the quality, use, and care of textiles; and household budgeting. The information is made available to consumers through bulletins, the work of home demonstration agents in rural areas, visual education materials, and press and radio releases.

The Rural Electrification Administration has encouraged consumers in rural areas to form co-operatives for the purpose of distributing electricity. It also furnishes information on electrical appliances. The United States Public Health Service provides information and service regarding health. The United States Office of Education advises schools and other interested institutions on programs for consumer education.

Standards and Grades

The Constitution of the United States gives Congress the power to fix the standard of weights and measures that apply to all types of business transactions. These standards, which are common knowledge in the consumer market, serve as guides for buying. In addition, the national government has fixed some quantity standards that apply to goods moving in interstate commerce—for example, dimensions and capacities of baskets for fruits, berries, and veg-

etables. Some quality standards have also been established by the National Bureau of Standards in the Department of Commerce, the Department of Agriculture, the Federal Trade Commission, and the Food and Drug Administration. In most instances, the use of these standards by producers and sellers is voluntary. The standards set by the Federal Trade Commission and the Food and Drug Administration, however, are mandatory for goods that move in interstate commerce.

The Department of Agriculture has a grading service which may be used by producers of canned fruits and vegetables. Standards have been established for grading more than sixty canned fruits and vegetables, including all fruits and vegetables in common use. The grades are U.S. Grade A (Fancy), U.S. Grade B (Choice), U.S. Grade C (Standard), and U.S. Grade D (Substandard). The quality factors in determining the grades vary according to different products, but in general the grades are based on uniformity of size, number of blemishes and other defects, condition of the liquid, and the shape, flavor, ripeness, tenderness, and color of the product. Usually the higher grades are the fruits and vegetables which are more tender, uniform, and attractive in appearance, but all grades have the same nutritional value. The sanitary conditions are the same for all grades and all products. Acceptance of the grades by producers is voluntary, but if they are used, the goods must be of the quality established for that grade. A trained inspector from the Department of Agriculture observes the sanitary conditions of the plant and certifies the quality of the product. The producer pays the salary of the inspector and a fee to the Department for the service.

In 1923, the United States Department of Agriculture started the grading of meat as a special service to the United States Shipping Board. During the next two years, this service was extended to other governmental institutions, steamship companies, railroads, large hotels, wholesale meat dealers, chain stores, and others. The success of this grading system led to a movement among livestock producers to establish a uniform grading system. At present, the national government provides a grading service for beef, veal, lamb, and mutton. The grades established are U.S. Choice, U.S. Good, U.S. Commercial, and U.S. Utility. While the grading is not mandatory, it has been used voluntarily by many meat packers, who pay a fee for each government grader in a packing plant.

The United States Public Health Service and the Department of Agriculture have defined grades of milk which have been adopted

in many cities. National, State, and city governments have established grades for other products—for example, poultry, cheese, eggs, butter, sugar, flour, and gasoline and other fuel oils. The use of these grades is voluntary, but many producers have accepted them or have adopted grades of their own based upon them.

Food and Drug Legislation

One of the protections given to consumers by government is the regulation of the sale of food, drugs, and cosmetics. At the national level, the Food and Drug Act of 1906 and the Food, Drug, and Cosmetic Act of 1938 are the most comprehensive of several laws of this nature, some of which apply only to specific foods, such as milk, cheese, and oleomargarine. The Food and Drug Act of 1906 made illegal the sale of adulterated or misbranded food and drugs in interstate commerce; the Food and Drug Administration was established to enforce its provisions. This law did not give full protection to consumers at the time of its passage—for example, advertising of food and drugs was not regulated, and the sale of cosmetics and of therapeutic devices or appliances, such as hearing aids, therapeutic electrical devices, weight-reducing machines, and infrared or ultraviolet lamps, was not controlled. When a wider variety of products was manufactured and interstate commerce increased, the law gave consumers little protection.

The Food, Drug, and Cosmetic Act of 1938 was passed to supplement the Act of 1906. This Act provides for control over cosmetics and therapeutic devices and for increased powers of the Food and Drug Administration. The sale in interstate commerce of food, drugs, and cosmetics that are dangerous, filthy, or decomposed or that are produced under unsanitary conditions is prohibited. The labels on drugs must give information about their content, adequate directions for their use, and cautions if the drugs may be dangerous to the health of the users. Labels on foods must contain information specifying their content, using the common names for the ingredients. "Substandard" foods are defined and must be so designated—that is, if canned foods do not meet the minimum standards which have been established, they must be clearly labeled "substandard." Containers not properly filled must also be marked "substandard." With the exception of substandard food, however, there is no compulsory provision for grading to designate the quality of the product. Nor does the law require producers to give information about the ingredients of cosmetics.

Only drugs are tested before they are put on the market for sale.

Foods and cosmetics may be made available to consumers for some time before they are tested by the Food and Drug Administration. The Administration has inspectors who take samples of products for testing and order the products to be withdrawn from the market if the samples do not comply with the law. In such cases, the products are either destroyed or returned to the manufacturer for re-labeling or reprocessing to bring them into compliance with the regulations.

As a further aid to consumers, the Act requires producers of food, drugs, and cosmetics sold in interstate commerce to indicate clearly the product's weight or liquid content, an essential item of information if consumers compare prices of products. It is illegal to pack food, drugs, and cosmetics in such a way as to give a false impression of their contents, even though proper weight or measure is given on the label. Consumers often are led to buy a product in a container or package which gives the false impression that it contains more than another package of a like product.

The Administration has set standards of identity regarding the nature or ingredients of a product offered for sale under a particular name. For example, if a product is sold as pineapple juice, it must be the juice of pineapples and not partly of other fruits. If a product is sold as strawberry jam, it must contain at least 45 per cent by weight of strawberries. (Nevertheless, ambiguous phrasing still in some cases frustrates the intent of the law.) If no standard of identity has been established by the Administration or other governmental agency, the contents of a food product in interstate commerce must be clearly stated on the label.

The Food and Drug Administration maintains that lack of adequate funds hinders its activities in enforcing the food and drug acts. It has presented evidence to show that harmful or contaminated products sometimes are sold on the market for months before they are brought to the attention of the Administration. Again, the findings of the Administration are given little publicity in newspapers and magazines, and often the public does not have information regarding seizure of a product. As a result, consumers may continue to use a harmful or contaminated product for some time. Nor does the legislation prohibit the manufacture of misbranded or adulterated goods, since it applies only to goods shipped across State lines.

State and city governments have passed legislation similar to the national food and drug acts. As a matter of fact, laws existed in some of the States before the national government took any action

of this type. Some of these laws are more restrictive than those of the national government, others less so.

Regulation of Unfair Business Practices

As was indicated in Chapter 16, the Federal Trade Commission was established (1914) primarily to prevent unfair business practices. This function, of course, is indirectly beneficial to consumers, since an unfair business practice may be disadvantageous to the consumer as well as to business. For example, the unfair practice may lead to higher prices, and a complaint registered by one business against another, if sustained, may mean lower prices for consumers.

In 1938, the Federal Trade Commission was given the power to intervene against false advertising. For example, an article advertised as silk or pure silk must be made of that material. If furniture is not solid walnut, it cannot be advertised as such. Thus the consumer is given some protection from advertising that deliberately misrepresents goods. The Commission also was given power to require that certain facts be stated in the advertising, especially if the product may have harmful effects, as is sometimes true of drugs and cosmetics.

The Commission has established fair trade practice rules, some of which regulate the labeling of consumers' goods. For example, rayon rules provide for the fiber-content labeling of textiles made in whole or in part of cellulose-base fiber. Similar rules deal with silk, silk blends, linen, and part-linen fabrics. A fabric-shrinkage rule regulates the labeling of cotton fabric. The Commission also enforces the Wool Products Labeling Act of 1939, which regulates labels placed upon wool or part-wool articles. For example, if the wool is reprocessed or reused wool, it must be so marked. In 1952, the Fur Products Labeling Act prohibited the misbranding of any fur products by manufacturer or retailer in advertising, labeling, or sales invoices. The Federal Trade Commission has drawn up a Fur Products Name Guide listing the "true English" names of fur-bearing animals, which names must be used by both manufacturers and retailers. For example, if the fur used is rabbit it must be labeled "rabbit" and not "sable-dyed" or "New Zealand seal."

Inspection

Government inspection service controls the conditions under which an article or service is produced. Since the early 1900's, the national government has inspected meat and meat products at the

packing plant if they move or may move in interstate or foreign commerce. The purple stamp of the Meat Inspection Division of the Department of Agriculture—"U.S. Inspected and Passed"—on meat and meat products means that the product has been inspected and passed as wholesome food and that it was prepared and handled under sanitary conditions.

States and cities have more inspection legislation than the national government. For example, restaurants and other public eating establishments sometimes are subject to sanitary inspection by both State and city authorities, and they may not operate if they do not meet a minimum standard. Dairy barns and dairy herds are subject to rigid inspection to assure the purity of milk. States and cities also have passed laws regulating the sanitary conditions in food manufacturing establishments, bakeries, beauty parlors, and hotels and other lodging places. The inspection of weighing scales is another governmental activity that protects consumers.

THE CONSUMER MOVEMENT

The consumer movement developed as people became interested in co-operating to protect their consumer interests. In the twenties and thirties, the movement was given impetus by a number of publications often referred to as the "guinea-pig" books—for example, *Your Money's Worth*, by Stuart Chase and F. J. Schlink; *100,000,000 Guinea Pigs*, by Arthur Kallet and F. J. Schlink; *American Chamber of Horrors*, by Ruth Lamb; and *Skin Deep*, by Mary Phillips. In general, these books emphasized economic waste, exposed dangerous or unfair producer practices, and debunked the advertising claims made by some producers.

Since the early part of the twentieth century, leaders in the consumer movement have been interested in developing services for the benefit of the consumer group. Yet although groups have organized to promote consumer welfare, no nation-wide consumer program comparable to the programs of business, agriculture, and labor has developed. The activity of consumer groups shifts with circumstances and with the interests of the particular group of consumers involved. For example, a meeting on rent control will interest a group of individuals and organizations different from those attending a meeting on milk supply. Rent control may be of far greater interest to consumers in one area than in another. From time to time, leaders and organizations in the consumer movement have urged the national government to establish either a Department of the

Consumer or a consumer agency to promote the interests of consumers and especially to develop standards for consumers' goods. Such a governmental agency, however, has not been established.

Consumers' Clubs

Consumers in general have been slow to organize. At times considerable interest has been shown in promoting local consumers' clubs, which carry on activities aimed principally at educating their members to make wise selections in buying. Naturally, more interest typically is shown in such organizations during a period of depression, when purchasing power is low, than in times of prosperity, when purchasing power is high. Though the activities of the consumers' groups are usually local in nature, on occasions the groups have developed State-wide services and have sent delegations to the national capital in the interest of consumer legislation. Their programs include promotion of school courses in consumer education and support of food and drug legislation, co-operatives, credit unions, informative labeling, milk control, better housing, and better relations between consumers and retailers.

During World War II, some of the activities of the Office of Price Administration (OPA) stimulated the formation of consumers' clubs. Officials of the OPA brought representatives of consumers' and general citizens' groups together in district and regional committees and in the National Consumers' Advisory Board. Encouragement also was given to housewives' clubs, some of which still function. In 1947, after the OPA was dissolved, the National Association of Consumers was organized. The objectives of this organization include taking a unified stand on consumer issues, providing educational material to consumers through a semi-monthly bulletin, *Consumers on the March*, and encouraging the organization of local consumers' groups. The organization has had difficulty, however, in getting the various local consumers' groups to co-operate. The interest of the national government in consumer welfare was continued after the dissolution of the OPA. For example, in 1947 the President's Council of Economic Advisers established a consumers' advisory committee to present the consumers' point of view on economic problems.

Consumers' Co-operatives

Insofar as number is concerned, consumers' co-operatives are the most significant of consumer organizations. The co-operative as a form of business organization has been discussed in Chapter 15, and

in the two preceding chapters we have referred to the co-operative movement of the farm group. The stress in those chapters, however, was on producers' co-operatives. During the nineteenth century, a number of consumers' co-operatives were organized, many of them unsuccessful. In the twentieth century, interest in this type of co-operative was stimulated during the depression years of the 1930's and has been relatively constant since that time.

Many consumers' co-operatives today are organized locally, though some operate on a regional basis in order to obtain a greater volume of business. The Co-operative League of the United States (a national organization for consumers' co-operatives organized in 1916) has taken steps to bring about further structural integration of the various co-operative enterprises. Formerly the League was concerned primarily with educational and promotional work, but now it has become a central agency through which co-operatives may work in promoting their interests. The League is affiliated with the International Co-operative Alliance, which arranges international conferences of representatives of co-operative movements in many countries.

In general, consumers' co-operatives are of two types—purchasing and service. Some of the farmers' co-operatives previously mentioned exist not only for marketing purposes but also for purchasing goods. Thus they serve as consumers' purchasing agents, through which the members buy such supplies as twine, seed, groceries, feed, farm implements, and gasoline. Consumers other than farmers also have been interested in promoting consumers' purchasing co-operatives, and the co-operative store is common in many areas of the United States. Consumers' co-operatives operate largely in grocery and other food lines, such as bakeries and flour mills, and in purchasing such commodities as oil, gasoline, tires, electrical appliances, and clothing.

Service co-operatives operate largely in the areas of credit, utilities, housing, medical care, and insurance. Credit unions are voluntary co-operative associations usually organized within a specific group of people, such as farmers, mail clerks, store employees, government employees, teachers, students, and church members. A majority of the States have legislation making the organization of such groups possible; they may also be organized under the Federal Credit Union Act. Members buy shares of stock, which frequently cost no more than \$5.00 per share, and dividends are paid to members on their shares of stock. If the credit union is organized under

the Federal Credit Union Act, these dividends are limited to 6 per cent, any earnings in excess of the allowable dividends being put into a reserve fund. The money received from the sale of shares is the capital fund and is loaned to members at a rate of interest regulated by the credit union, usually about 1 per cent per month on unpaid balances. The interest rate charged by co-operative credit unions is lower than can be obtained from most other lending agencies, and most of the loans are made without security. The integrity of the person desiring the loan and his ability to repay are determined by a loan committee of the credit union.

Credit unions have increased in number during the past few years. By mid-twentieth century, about 15,000 chartered credit unions were in operation. A Credit Union Association with headquarters at Madison, Wisconsin, is a clearing house for the various organizations.

The rural electric co-operatives referred to in the preceding chapter illustrate the specialized co-operatives in the utility field. Co-operative activity in the insurance field may be illustrated by the *Farm Bureau Mutual Automobile Insurance Company*, which has life- and fire-insurance subsidiaries. There are a number of co-operative housing groups, with the National Mutual Housing Association established to co-ordinate their activities. Cafeterias, book stores, medical and hospital services, college dormitories, and burial societies also have been organized as service co-operatives.

Organizations with a Consumer Interest

A number of organizations give some attention to consumer problems, even though their main interests are in other fields. Nationally organized women's groups have been active in promoting consumer welfare, since women do much of the buying for the household, the most important consuming unit. Among such organizations are the American Association of University Women, the American Home Economics Association, the General Federation of Women's Clubs, and the National League of Women Voters. Their work in the consumer field includes educational programs on informative labeling, testing, grading of products on the retail market; sponsorship of legislation in the interest of the consumer—for example, food and drug legislation—and promotion of quality standards and labels.

These organizations are only a few of the many groups that work in the interest of consumers. Almost all women's church groups, civic organizations, and the auxiliaries of a number of labor unions

have been active in consumer education. Some of them have been influential in bringing pressure to bear upon government for legislation to protect consumer interests.

Consumer Services

CONSUMER TESTING AGENCIES Product analysis from a consumer point of view is made by a few consumer testing agencies—for example, Consumers' Research, Incorporated, and Consumers Union of the United States, Incorporated. These agencies are supported by membership fees and subscriptions to their publications, and the dissemination of their findings is confined largely to their own members. They have no connection with business enterprises and do not accept advertising or permit the use of their findings in advertising. These agencies admit that no test results can provide an infallible guide so long as quality varies within brands and products change behind their trade names. They develop their own standards if no acceptable ones exist and also, when necessary, develop their own laboratory tests and testing techniques. The samples used for laboratory tests and controlled-use tests are bought on the open market. Information also is obtained from other sources, such as government publications and independent experts.

The goods and services tested by Consumers' Research are classified as "Recommended," "Intermediate," and "Not Recommended" in the monthly publication, *Consumers' Research Bulletin*, and in an *Annual Cumulative Bulletin*. Brand names, models, and other information are given so that consumers may recognize the products tested. Products tested by the Consumers Union are listed in a monthly publication, *Consumer Report*, and in an *Annual Buying Guide* as "Best Buys," "Acceptable," and "Not Acceptable." Consumers Union relates the quality of the product to the price charged for it. Labor problems, legislation pertaining to consumers, health problems, decisions of the Federal Trade Commission, and other subjects of general interest to members are discussed in the monthly reports.

SERVICES OF PROFESSIONAL ORGANIZATIONS Individuals trained for the professions, such as doctors, dentists, teachers, lawyers, and engineers, are organized into associations to protect and educate their members and to advance their other interests. Some of these organizations carry on activities that directly benefit consumers—for example, the American Medical Association and the American Dental Association.

The Bureau of Health and Public Instruction of the American Medical Association endeavors to promote health education among the people through its publications and by supplying material to citizens' organizations for health talks and exhibits. The Bureau of Investigation is interested primarily in the dissemination of information on quackery in the medical field. The Council on Foods has established standards for foods and grants an "Accepted" seal for use in advertising a food product if it meets the Council's standards. The seal is awarded for two years, at the end of which time the food is re-examined. The Committee on Cosmetics also grants a seal of acceptance for cosmetics that meet its requirements. The expense involved in testing is borne by the Association, since it does not receive remuneration in any form from the manufacturer of any product. The American Dental Association has a Council of Dental Therapeutics which examines the claims of advertisers of dental remedies and dentrifices. Both the American Medical Association and the American Dental Association publish information about accepted and rejected products. The reports of the American Medical Association are published in the *Journal of the American Medical Association*, and those of the American Dental Association in an annual publication, *Accepted Dental Remedies*. Neither Association makes any attempt to relate quality to price.

SERVICES OF BUSINESS Some business interests recently have attempted to provide the consumers with information regarding their merchandise. Many department stores have their own testing laboratories and others use private laboratories that do testing on a fee basis. Although the principal reason for the testing service of a department store is to protect its own interests, the consumer also is protected to a degree. The consumer, however, is not given information regarding the price-quality relationship of the goods, and the testing techniques usually are not publicized. An example of this service is the Bureau of Standards of R. H. Macy Company of New York. If a product does not meet the standards set by the Bureau, it is not sold. When tests reveal that a product is not as advertised, the Bureau orders the advertising changed. Manufacturers sometimes have altered their products in order to meet the Bureau's specifications. Marshall Field, in Chicago, and several large chain stores and mail order houses also have their own testing laboratories.

Many producers are organized into trade associations which carry on activities which are intended primarily to promote the interests

of the producers, but which are also helpful guides to consumers. The trade associations usually carry on research, establish standards, maintain testing laboratories, and undertake programs of consumer education. The research activities often result in improved products or lower prices. The testing laboratories are used principally to assist producers in their purchases. In some cases, however, tests of consumers' goods are made and the results passed on to the consumer in the form of "tested and approved" seals. For example, the American Gas Association has established a set of minimum standards for gas appliances, such as ranges, water heaters, hot plates, refrigerators, furnaces, and appliance accessories. Laboratories are maintained to test the products in relation to these standards. If a product meets the standards, a label of approval is issued. The Association publishes the requirements upon which it bases its approval.

Similarly, the Underwriters' Laboratories sets standards, classifications, and specifications for housing materials, household fixtures, wiring, and many kinds of electrical appliances and equipment. Tested and approved products are stamped with the words "Underwriters' Laboratories Inspected." The standards, methods of testing, and a list of the approved products may be had on request, but the unapproved products are not listed. The American Cannery Association and the Electrical Testing Laboratories are other well-known trade associations with testing agencies. Many of the standards established by trade associations are rigid, and some of them correspond to standards established by the National Bureau of Standards.

A number of magazines have institutes or councils for the testing of consumers' goods—for example, *Good Housekeeping* and *Parent's Magazine*. They do not relate quality and price and usually do not give information concerning standards and testing techniques. Like the trade associations, they do not publish lists of unapproved products.

The extension of the activities of the Better Business Bureaus is another evidence of the growing interest of business in the consumer's protection. These Bureaus grew out of a campaign in the early 1900's for better advertising. Local Better Business Bureaus, which have been established in a number of cities, are affiliated in a national association—the National Better Business Bureau. Although the Better Business Bureaus are maintained by businessmen primarily for their own interests—that is, to maintain consumers'

confidence in business—they have given aid and valuable information to consumers. Business concerns that are members pledge themselves to maintain fair trade practices, and if they fail to conform, pressure is brought on them by the Bureau. Any consumer may appeal to the Bureau for aid and information. The National Better Business Bureau publishes various pamphlets especially for the benefit of consumers; these contain information about specific types of commodities and lending agencies.

Among the matters that are of special concern to the local Bureaus are unfair or "bait" advertising, fraudulent house-to-house salesmen, deceptive promotional schemes of new business in the community, fraudulent repair service, fake bankruptcy and fire sales, dishonest weights and measures, questionable premium or coupon sales, and hidden carrying charges on installment buying and credit accounts. The complaints of consumers about such matters are investigated, and, if the evidence is sufficient, are referred to the appropriate governmental agency. Warnings against various dishonest schemes and unfair practices are given to consumers by radio, newspapers, posters, and bulletins.

Consumer-Retailer Co-operation

Consumer-retailer co-operation is another phase of the consumer movement. The National Consumer-Retailer Council was established in the late 1930's to further the interests of consumer-retailer groups through co-operation. In general, the Council deals with informative labeling, factual advertising, consumer abuses of customer privileges, stimulation of research, and co-operation between retailer and consumer groups. The work in these fields is carried on by committees. Council publications on the findings of the various committees are used in consumer-education courses and for club study programs on consumer problems.

Consumers and retailers work together also in the American Standards Association, which has expanded its program to promote standards for consumers' goods, particularly in the nonfood field. It is an association of organizations, such as national associations of manufacturers, transportation agencies, and national societies of engineers. In the past, it has been concerned largely with standards for producers' goods, but the Advisory Committee on Ultimate Consumers' Goods has been established to encourage and supervise the development of standards for consumers' goods. Membership of the committee includes representatives from both

consumers' and retailers' groups. The acceptance by retailers and manufacturers of the standards developed is voluntary.

SUMMARY

The consumer movement has grown as people have become aware of their consumer interests. The need for awareness has arisen largely as a result of the industrialization of society. In preindustrial times, the members of the family produced many of the articles they used, especially food and clothing. As homes changed from production to consumption units, money or income became increasingly important, and people were faced with the problem of using their incomes to the best advantage in satisfying their wants. At present, hindrances to wise consumer buying are lack of knowledge about the many goods and services on the market, lack of adequate information in advertising, and the appeal of installment buying.

Consumers, like other interest groups, have exerted pressure on government to formulate policies for their welfare. At the national level, some governmental agencies have assisted consumers by giving them information about products and by establishing standards and grades. Other agencies, such as the Food and Drug Administration, the Federal Trade Commission, and the Meat Inspection Division of the Department of Agriculture, give protection to consumers by regulating business practices and by inspection of food, drugs, and other products. State and city governments also have passed legislation for the promotion of consumer interests.

Although consumers have not organized into general organizations such as those of the laborers and farmers, numerous consumer groups exist. Their programs include the promotion of consumer education, informative labeling, better housing, and the sponsorship of laws to promote consumer welfare. Since the 1930's, the consumer co-operative movement has grown, and both purchasing and service co-operatives have been organized. Consumer interest has been promoted also by organizations whose principal efforts are in other fields—for example, national women's organizations and professional societies. A few consumer testing agencies engage in analyzing products on the market and attempt to relate quality to price. Tested products are rated according to definite standards, and the results are passed on to members of the organization. Co-operation between consumers and business interests has been used

by both consumer and business leaders as an effective way of promoting consumer welfare. This co-operation takes the form of testing laboratories and agencies supported by business, and of organizations in which both consumer and business interests are represented.

QUESTIONS

1. Who are consumers? What are some of the things that determine their wants?
2. What are some of the problems that consumers face today? Why are these problems different from those of a hundred years ago?
3. From the consumer's point of view, what are the advantages and disadvantages of advertising? How have governmental regulations aided consumers in overcoming some of the disadvantages?
4. What are the advantages and disadvantages of installment buying for the consumer?
5. What are some of the ways in which government has promoted consumer welfare?
6. What are the important features of the food, drug, and cosmetic legislation? *What protection does it give consumers?*
7. Why have consumers been slow to organize as an interest group? What are some of the programs that consumers' groups have sponsored?
8. What is the consumer movement? What might accelerate the movement?
9. Explain the different types of consumers' co-operatives.
10. What agencies have been established for testing consumers' goods? Evaluate the work of each.
11. What are the ways in which business interests have co-operated with consumers?
12. How do Better Business Bureaus aid consumers?

DISCUSSION

1. What should be the place of the consumer in the total economic system? If the consumer does not occupy the place that you think he should, how do you account for the consumer's actual place in the economic system?
2. Give examples of how consumers cheat themselves because of carelessness in the purchase of goods and services.
3. Do you think that government should do more than it is doing to promote consumer welfare? If so, what?
4. It has been said that legislation relating to food, drugs, and cos-

metics protects the health of the consumer, but not his pocketbook. Explain this statement.

5. Do you think that it would be wise to have a nation-wide, united consumer movement? Support your viewpoint with several arguments.
6. In considering governmental activities designed to benefit businessmen, laborers, farmers, and consumers, which group receives the greatest benefits from the actions of government? Give reasons for your answer.

TERMS

Durable goods: Goods which do not wear out or deteriorate soon—for example, houses, automobiles, furniture, refrigerators, sewing machines, and washing machines.

Excise tax: A tax levied on the manufacture or sale of commodities.

Informative advertising: Advertising that gives information to enable a buyer to identify a product and appraise its value in relation to that of similar products.

Informative labeling: Information giving grade, specifications, and other facts to enable a buyer to identify a product and appraise its value in relation to that of similar products.

Trade name or brand: The name by which an article is called among traders. It is adopted by a manufacturer or merchant to distinguish the article as one produced or sold by him.

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Deprive: Postponement of the execution of a sentence imposed by a court as punishment for crime.

Writ of mandamus: A judicial order to an administrative officer to perform a specific act. It allows no discretion on the part of the officer but commands obedience.

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In our consideration of modern society, attention has been centered chiefly on the development, organization, and functions of both business and the state. These two social institutions, which emerged and evolved simultaneously, have been dominant influences in shaping the present social order. Concurrently with their growth and functioning, group relationships have evolved and contributed to the organizational and functional characteristics of society. Some of these group relationships are referred to as interest groups, of which the Big Three are businessmen, laborers, and farmers.

As indicated earlier, the basic function of business as a social institution is to produce goods and services for the satisfaction of the wants of individuals and of society. In fulfilling this function, business is organized into business enterprises which engross the time and energy of persons (businessmen). The businessman is highly regarded, because society places a high value on efforts to satisfy wants from scarce resources. The efforts to fulfill this function have shaped the institutions of business and industry. Not all cultures, of course, develop the same institutional patterns in carrying out this function. Many different economic techniques and motivations are found among various cultures. Therefore, a study of the means and motives employed in one's own culture should not be made a basis for making generalizations regarding other cultures.

In the United States, emphasis has been placed upon productivity of goods, with the result that the United States has greatly exceeded other nations in per capita productivity. Caution, however, should be followed in drawing conclusions from such a comparison. A value judgment may be made that the United States is the "best" society or economy because of its high per capita productivity. Such a judgment, however, depends upon the scales of values of the members

of various societies. Some North Pacific groups, whose members celebrate the *Potlatch*, show a quite different attitude toward wealth. Rather than stressing savings, a fundamental requirement for the development of capital goods and for increasing production, these people value the giving away—that is, the distribution and consumption—of goods. The student may think of many individuals even in our own society who frequently place other values above productivity and saving.

Although important goals and values are implemented through forms of business enterprise, persons have many other goals and values. A person does not set himself apart from his total society to carry on his business activities. Therefore, the relationship of business activity to the total society needs to be considered, as well as the activities of business institutions themselves. Both businessmen and other members of society are concerned with the following questions: What is the general framework within which businessmen carry out their functions and assume their responsibilities? What specialized functions and processes develop with the growth of business institutions? What is the interrelationship of businessmen and society?

CAPITALISTIC PRODUCTION

Meaning of Capitalism

The general framework within which modern society in the United States carries on its economic activity is the capitalistic process. Capitalism is a process by which accumulated wealth—producers' goods or capital—is set aside by private owners and is used in such a way that productivity and the total amount of consumers' goods, as well as the profits of the owners, are increased. In the capitalistic process, the owners and managers of wealth in various forms make important economic decisions that play a large part in controlling the production and distribution of goods and services, and the making of these decisions is facilitated by the price system in our free enterprise socioeconomic system. From the point of view of society, the problems of economizing—that is, using scarce resources to satisfy wants—involve the members of society, and all kinds of social and group relationships influence the economic decisions that are made.

If the process of economizing is viewed from the standpoint of the businessman, decisions regarding certain basic functions of our

socioeconomic system are his direct responsibility. These functions are (1) *What* shall be produced for consumption? (2) *How* shall various resources be directed to productive purposes? (3) *Where* shall the division be made between using resources for production of capital goods and for production of consumers' goods—that is, saving and investment? These are three of the five functions of socioeconomic systems described in Chapter 11. The two other functions are not direct responsibilities of the businessman.

If pure competition prevails, the competitive price system provides a standard that may be used to answer the above questions. What shall be produced for consumption is determined by the prices people are willing to pay for various kinds and quantities of goods. The directing of resources for producing desired goods is determined by the prices of available resources. The division between using resources for the production of capital goods and production of consumers' goods depends upon the price relationship between these two kinds of goods.

In most aspects of capitalistic production, pure competition does not exist. Therefore, the automatic nature of price determination does not operate to fulfill the functions of the socioeconomic system. In many situations, the seller exerts some control over the price of the good he sells. This control may result in a price other than that set in a competitive price system. Thus price levels tend to be influenced by businessmen who do not permit free movement of prices.

Roundabout Production

One of the significant results of the pressure to produce more goods from scarce resources has been the increased use of capital goods. Machinery, tools, and equipment are used to add more to the total output of goods and to produce those goods in less time. For example, to build a machine and to use that machine is usually a more efficient means of production in turning out x quantity of goods than to turn out x quantity of goods without machinery, tools, and equipment. The application of this process has resulted in increasing the ratio of machines (capital) to men (labor). This condition has been evident particularly since the Industrial Revolution, and social problems of far-reaching consequence have resulted from it. (See Chapter 14.)

Decisions involving roundabout production must be made—for example, whether at any given time resources should be diverted into factories instead of houses; trucks instead of yachts; typewriters

instead of record players. These decisions are made in the belief that though less resources are immediately available for consumption, the later output of consumers' goods will be greater than the amount possible without the factories, trucks, and typewriters. The building up of capital goods, therefore, requires doing without or cutting down present consumption in order to have greater future supply. This decision is being made continually in a capitalistic society. Constant demands are made on resources to maintain and expand the productive plant after it has been built up. However, the output of capitalistic production, once having started and expanded, makes the waiting period in the roundabout method unnoticeable to consumers. Capitalistic production requires a continuing increase in the use of productive equipment, thereby requiring a constantly rising output per laborer and a rising standard of living, or constantly mounting consumption.

The Business Cycle

The economic setting within which businessmen carry on their activity is influenced by the phenomenon known as the "business cycle." This term refers to the recurring fluctuations in an economy based upon capitalistic production. The diagram below shows that

BUSINESS CYCLE SINCE THE CIVIL WAR

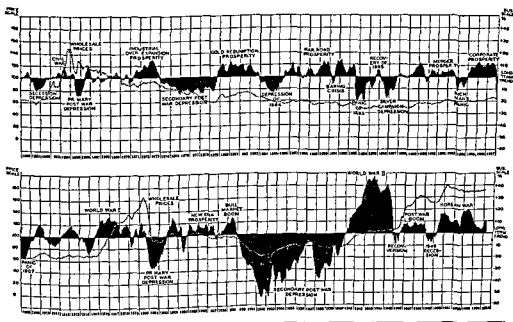


Figure 22. (Courtesy the Cleveland Trust Co.)